ERA CASEBOOK

Examples of best practice
for digitisation and IT in
the rental industry

DIGITISATION

FROM PIERRE BOELS, ERA PRESIDENT

Thanks to digitisation, we are living through one of the most technologically revolutionary periods in human history. The Internet of Things, Big Data, smart phones and cloud-based computing are transforming the way we live and work.

Forward-thinking rental companies are taking full advantage of the huge opportunities offered by these new technologies. These include opportunities to make our operations more efficient, improve customer service, and even to create completely new solutions for our clients.

In this e-book, we provide case studies from companies that are cutting edge in terms of digitising their business models. We also examine some of the challenges that rental companies have faced when implementing and rolling out digital solutions. In this way, these examples of best practice aim to demonstrate how embracing the digital age can provide us with strong foundations for the future success of the equipment rental industry.

Key topics covered in this e-book include a look at the pioneering work of Avesco Rent, which was one of the first rental companies to digitise its customer-facing processes. The company has gone even further and now uses data to effectively plan its operations, both in the short and long term. This has had a significant positive impact on the company's profitability.

We also examine how Ramirent, which is now part of the Loxam group, is going paper-free. The company is rolling out the digitisation of its processes, following a successful trial in Norway. Ramirent uses the PHALANX suite of apps from UK specialist Spartan Solutions, which integrate with its existing rental software platform from Wynne Systems. These apps digitise processes including delivery, transport, returns, inspection and servicing the equipment.

Importantly, we highlight that you do not have to be a major rental company to afford digitisation – in fact, one of the reasons why digitisation is happening so quickly is that these solutions work equally well for any size of business. A great example is Renta, a fast-growing equipment rental company based in Finland and serving clients across the Baltic Sea region. Renta has placed digitisation at the heart of its strategy, which has enabled it to grow rapidly and profitably since being founded in 2016. The company has successfully emulated the productivity benefits of digitisation that already existed in business sectors such as finance and logistics.

We are very grateful to the rental companies who gave their time to be interviewed for these case studies: Avesco Rent, Ramirent, and Renta. All the participants gave us very open and honest accounts of their processes, without giving away any commercially sensitive information. At ERA, we believe that this spirit of sharing and co-operation can only help make us stronger together.

As always, we would welcome your feedback and stories about your own experiences. We are also very interested in hearing from members who would be willing to give us case studies for future publications, so please get in touch.

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EUROPEAN **R**ENTAL **A**SSOCIATION

CASE STUDY | AVESCO RENT

Avesco Rent is the leading equipment rental company in Switzerland. It was a pioneer of digitising the equipment rental transaction process, starting in 2014.

Avesco Rent was one of the first rental companies to digitise its customer-facing processes. In 2014 it launched FastRent, an online platform enabling users to carry out digital, paper-free interactions. Today, FastRent enables customers to hire machines, book transport, pay online and receive digital invoices. It also automates processes such as ensuring machines are in stock, and even negotiating the final price with the customer. Algorithms provide dynamic pricing, with prices set according to factors such as machine availability and day of the week.

Vincent Albasini, CEO, joined Avesco Rent with a remit to build on this success. Further digitalisation of the business has resulted in 20% revenue maximisation and 30% cost optimisation – a huge improvement to the bottom line.

"You need your processes to be automated so that they are more focused on hire revenue and EBIT," he said. "Without the right technology, you are always chasing data and looking back at what has happened, rather than using data to effectively plan for today and for the future.

We can customise dashboards that reflect the KPIs that a CEO or a director need to see. And the information is in real time, not just historic. This is an extremely useful tool – and when you add in AI (artificial intelligence) capabilities you go from just having knowledge to having wisdom.

The other important thing to remember is to only collect the data that you need. Hosting data is costly and the more data you hold, the bigger the cost and the risk."

The first step was to look at how digitalisation could improve the business, rather than investing in technology for its own sake. "The challenge is that, until recently, we had a linear approach to rental – almost like a factory production line approach. What this means is that you have a lot of silos and separate teams that don't work together. If you simply add technology on top of that, you are only adding frustration and you end up with an admin overload. Admin does not add any value, in fact it can have a negative impact if it takes up too much time for managers and directors."

The solution for Avesco Rent was to radically change its workplace culture. "You have to embrace this paradigm shift to working in an ecosystem. 'Ecosystem' is quite a trendy word, and some people use it without understanding what it actually means. For us, it is to accept that all parts of your business are stakeholders, including your suppliers and your employees as well as your customers."

COMPANY PROFILE

- Locations in Switzerland, Lithuania, Estonia, Latvia, and Finland
- Part of the Avesco Caterpillar dealerships in those countries
- Started digitalisation in 2014 with launch of FastRent

KEY POINTS

- Embrace digitalisation, don't just add it on top of existing structures and processes

- Ensure that data enables you to plan ahead as well as look at historic performance

- Make sure that digitalisation makes life easier for all stakeholders

- Only collect the data you need, to reduce risk and keep costs down

- Set targets and measure the success of each digitalisation project

RAMIRENT

CASE STUDY | RAMIRENT

Ramirent, which is now part of Loxam Group, is going paperless after integrating the PHALANX apps from Spartan Solutions.

Ramirent is rolling out the digitalisation of its processes, following a successful trial in Norway. The company uses the PHALANX suite of apps from UK specialist Spartan Solutions, which integrate with Ramirent's existing rental software platform from Wynne Systems. These apps digitalise processes including delivery, transport, returns, inspection and servicing the equipment.

Annikken Bergem Nygaard, Supply Chain Planner & Developer for Ramirent, said: "We recognised that we needed more documentation of our processes because we didn't have all the information available in a structured way. We started from a fleet management perspective, to ensure we had proper documentation on the state of our machines and equipment."

"There was a lot of issues with the existing systems. For example, an engineer could take a photo using his mobile device but might misplace the images or forget to include the equipment number. Even handwriting can sometimes be open to interpretation! And of course, papers can be lost. It is also not a good use of a mechanic's time to manually input data from a paper document into a computer."

Ramirent ran a pilot in one depot and established clear KPIs (key performance indicators) to measure its success. "There was constant dialogue between Spartan, our management team and the end users." The results were impressive – using PHALANX halved the time it took to turn around equipment from being returned to being rental ready again. It also reduced time spent inspecting

equipment by approximately 30 per cent and delivered an increase of 40 per cent in additional, billable services. The amount of equipment damage attributed to customer use rose by more than 20 per cent, while the number of credit notes issued decreased by 34 per cent. "The results were really surprising," said Annikken.

The success of the pilot and roll-out has been down to end user engagement. "One thing that was crucial for the project was to include the end user from the very beginning," said Annikken. "In this way, you create commitment to the project because the end users have helped to build it, they are proud that it belongs to them. Creating that level of commitment makes it much easier to implement change.

"Some people understand the efficiency benefits right away. For other people, technology is still scary – perhaps they don't even use apps on their phone. So we are providing training and refresher courses. Ultimately everyone understood that the old way of working was not as effective as it could be, so that also made change management much easier. Everyone wanted our processes to improve."

COMPANY PROFILE

- Part of the Loxam Group of companies with combined revenues of EUR 2.2 billion
- Largest depot network in Europe with >1,000 branches
- Diversified fleet containing over 600,000 units

KEY P⚙INTS

- Going paperless improves productivity and the overall customer experience

- Start with a small trial and set clear objectives to measure its success

- The trial demonstrated:

  - Approx. 50% reduction in equipment turnaround time

  - Circa 30% reduction in time required to inspect equipment

  - 40% increase in additional, billable services
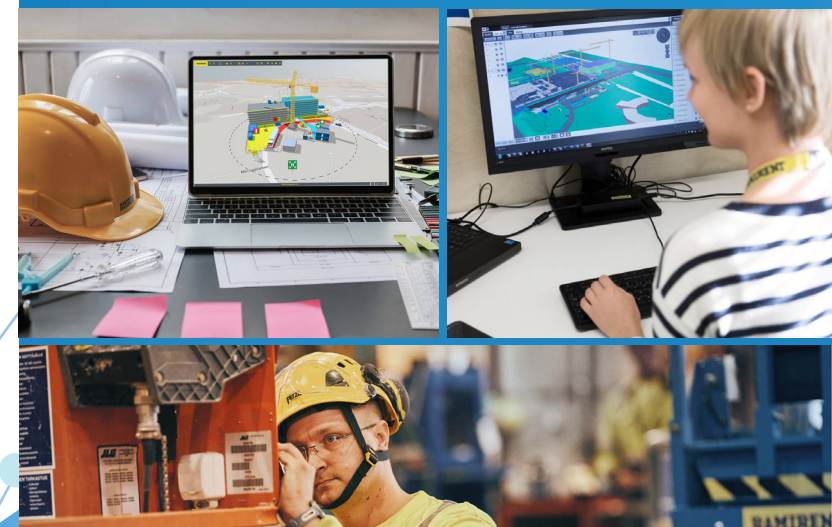
renta

CASE STUDY | RENTA

Renta is a fast-growing equipment rental company based in Finland and serving clients across the Baltic Sea region. It has placed digitalisation at the heart of its strategy, which has enabled it to grow rapidly and profitably since being founded in 2016.

"Our strategy from the very beginning was to emulate the productivity benefits of digitalisation that were already in areas such a finance and logistics," said Joel Särkkä, Chief Information Officer for Renta. "The capabilities and cost savings that our solution landscape brings are significant."

This meant Renta created its own apps, rather than using apps from third parties. "It is crucial for our business to own the IP. This enables us to be best in market and gives us a competitive advantage."

Renta Connect brings together all the applications that the company builds either for internal use or as customer-facing technology. Kari-Tapio Saarela, Chief Operating Officer, said: "We have our own applications for each business unit. We combine the data and use AI (artificial intelligence) to analyse it."

Along with data from ERP and finance systems, information also comes from Trackunit telematics devices fitted to the fleet. "There is a lot of variation in machine demand from season to season," said Joel. "Data enables us to prioritise the turnaround of machines in high demand. We can increase utilisation while the customer also benefits because the machine they need is in the depot and 'rental ready'. You can achieve higher utilisation rates from a smaller fleet and therefore a higher return on investment and a lower carbon footprint."

Implementation of the digital strategy was easy internally; but has required changing the mindset of some customers who preferred more traditional ways of doing business. The solution is to make the customer-facing apps as user-friendly as possible.

Kari-Tapio said: "There are some older guys using the Renta Easy app now who tell me that it is the best system they have used in years. Once they use it, their eyes light up as they can see the benefits right away. It is great that the older users are fired up about it, but don't forget that for the younger generation, digitalisation is a given – they expect it."

Renta Easy is its main app for customers. "Renta Easy is a fleet management tool rather than an e-commerce platform," said Joel. "It is many elements brought together in one app."

COMPANY PROFILE

- More than 1000 employees at over 100 locations
- EBITDA of 38% achieved in 2020
- Sales of EUR 200m+ in 2020

KEY POINTS

- Digitisation can significantly improve your profitability

- Owning the IP and the data can add to your business valuation

- AI and machine learning can help you continuously improve

- Digital platforms are vital for doing business with the younger generation

- Ensure your apps are user-friendly for the older generation

SUMMARY OF THE KEY POINTS

This page aims to provide you with a handy summary of the key points from all of the case studies. They are separated under two titles: Cultural Approach, and Operational Approach. Cultural Approach offers advice on conveying the benefits of digitisation to your customers, suppliers, employees and other stakeholders. Operational Approach looks at the logistics of identifying why digitisation is right for your business, which suppliers and products will work best for you, how you deploy digitisation, and how you maximize the benefit.

CULTURAL APPROACH

- Embrace digitalisation, don't just add it on top of existing structures and processes
- Digitisation can differentiate you from your competitors and move you up the value chain
- Digital platforms are vital for doing business with the younger generation
- However, also ensure your apps are user-friendly for the older generation
- Ensure that innovation is driven by what your customers and stakeholders really want
- Artificial intelligence and machine learning can help you continuously improve

OPERATIONAL APPROACH

- Owning the IP and the data can add to your business valuation
- Ensure that data enables you to plan ahead as well as look at historic performance
- Only collect the data that you need, to reduce risk and keep costs down
- Set targets and measure the success of each digitalisation project
- Start with a small trial and set clear objectives to measure its success
- Be prepared to face challenges along the way!

ABOUT ERA

The key mission of ERA is to promote the rental concept in order to facilitate a continued growth of the rental industry by creating an open European market, at a much larger scale than any national market. To achieve this goal, ERA acts as the representative association of the equipment rental sector at European level, complementing the activities undertaken by national rental associations locally.

OUR WORK FOCUSES ON 4 MAIN AREAS:

- Promotion of the rental concept
- Rental market statistics and data
- Equipment technology
- Sustainability