

# **Digitalisation** – Transforming the equipment rental industry



The impact of digitalisation in the equipment rental industry



EUROPEAN  
RENTAL  
ASSOCIATION

[www.erarental.org](http://www.erarental.org)



Digital can drive value destruction for example in Music, Insurance, News

In other markets it can deliver value enhancement, e.g. Uber which creates value by creating a lot of jobs

Digitalisation is today driving value enhancement in the construction industry ”



# THE IMPACT OF DIGITALISATION IN THE EQUIPMENT RENTAL INDUSTRY

Purpose of this report:

In common with many other industries such as vehicle rental, travel, banking and music, the rental industry is being transformed by digitalisation. This transformation includes the provision of real time data on where the assets are and what they doing, the digitalisation of the underlying rental process, mechanisms for customer engagement and the development of new services and solutions.

Whilst the digital transformation of the rental industry is happening at speed, every rental company large or small will be affected and is faced with similar questions: How will digitalisation affect my business? What is driving change? What strategy should I adopt? How does my approach compare to others in the industry?

The purpose of this guide is to answer these questions and provide a window into how companies within the industry are leading the transformation, highlight the opportunities and threats that digitalisation poses and provides practical advice and guidance which can be applied within your businesses to meet the challenge of digitalisation.

“ The one thing our research has shown is that the industry is already being transformed by digitalisation and “carry on as before” will not be a sustainable strategy for the future ”



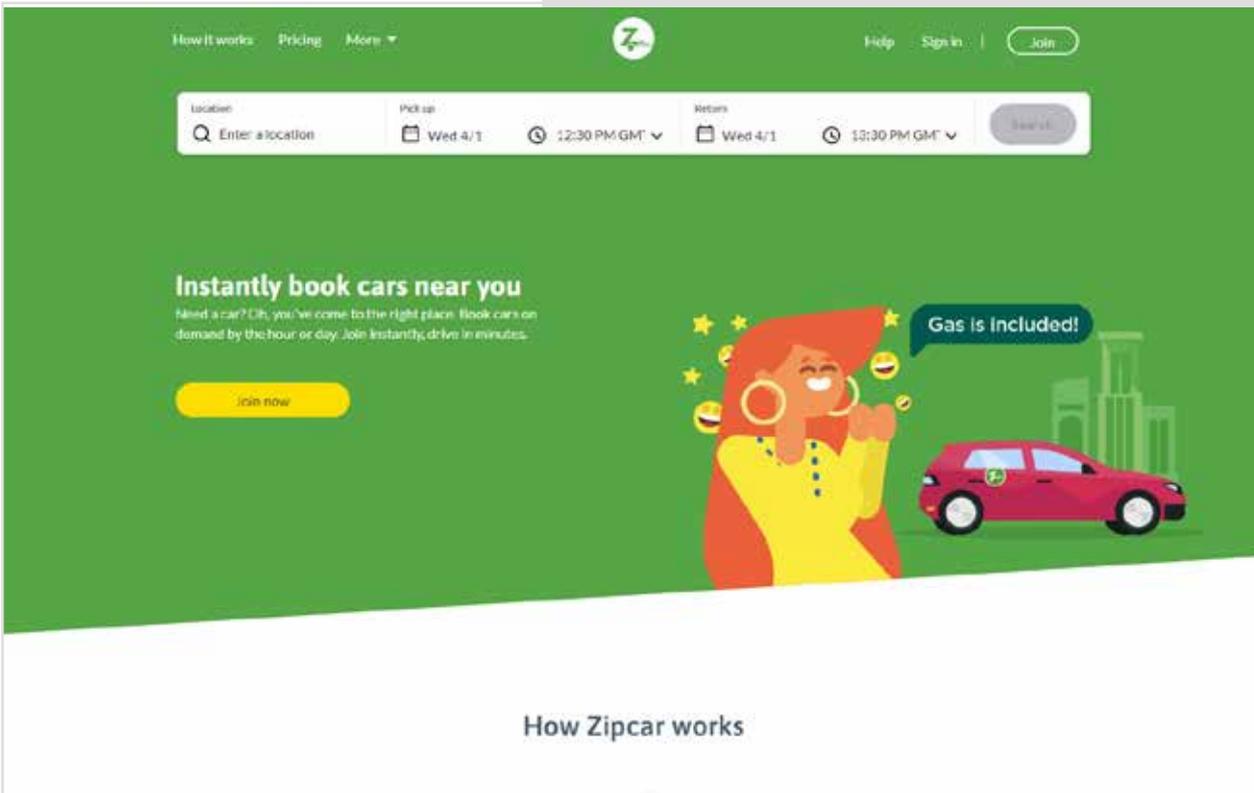
THE GUIDE HAS BEEN COMPILED WITH THE INVALUABLE SUPPORT AND CONTRIBUTIONS OF THE FOLLOWING COMPANIES:



# HOW HAS DIGITALISATION AFFECTED OTHER ASSET RENTAL INDUSTRIES?

New business models such as asset sharing clubs e.g. "ZipCar" and peer to peer asset rental platforms such as "hiyacar" provide an insight into how different asset rental sectors are developing business models based on digitalisation. Zipcar was founded in 2000 and by 2016 it had 1 million members and offers 10,000 vehicles across 500 cities in 9 countries.





# COMPARISON WITH CAR RENTAL

## Car Rental

Daily Rate: \$43.00 (No hourly options)  
 Gas Charges: \$10.00  
 Insurance Waiver: \$21.95  
 21-25 Age Surcharge: \$30.50  
 Parking: \$8.00  
 Additional Fees: \$4.00  
 Total: \$86.95

## Zipcar

Daily Rate: \$60.00 (Or by the hour for \$8.50)  
 Gas: \$0  
 Insurance: \$0  
 21-25 Age Surcharge: \$0  
 Parking: \$0  
 Total= \$60.00



**You Save \$26/Day**

# HOW HAS DIGITALISATION ENABLED NEW DELIVERY MODELS?

## Uber

- > Uber uses digitalisation to transform customer engagement to deliver transportation
- > The business started in Paris in 2008 when the founders couldn't hail a cab and wondered if consumers could use their smartphones to source a taxi ride

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> By 2022, Uber was rated as one of the most valuable start-ups in the world with a valuation of more than \$70bn, 122 million active monthly users and generates an average of 21 million hires a day



# AND IN TURN DIGITALISED DELIVER ACROSS DIFFERENT INDUSTRY SEG



- > Grab generates revenue for its asset owners via its digital platform – similar to Uber
- > They provide finance to purchase assets, underpinned by the revenue they provide to their drivers

## Grab BUSINESS MODEL



# NEW MODELS ENABLE EXPANSION BEYOND TRADITIONAL BOUNDARIES

- > They provide services such as insurance, payment platforms and logistics
- > They create and run and monetise an economic network linking asset owners (drivers) with consumers via service providers (food outlets such as restaurants) monetising every step in the chain
- > Founded in 2012, by 2020 Grab had 5m driver partners, 2m merchant partners and in excess of 3.5m daily rides



However, there are key factors that rental companies need to consider in digitally transforming their business:

- > Once you embark on the digitalisation journey, you are likely to have to fully digitalise your business
- > Digitalisation is not a separate activity, it is as much about transformation and change management as technology and IT
- > It is as much about transforming customer and employee mindsets as implementing new technology solutions
- > It is a continual effort as solutions are evolving rapidly and technology is changing approximately every 5 years
- > It is difficult and costly in terms of time, resources and money

Performance Management



Process Digitization

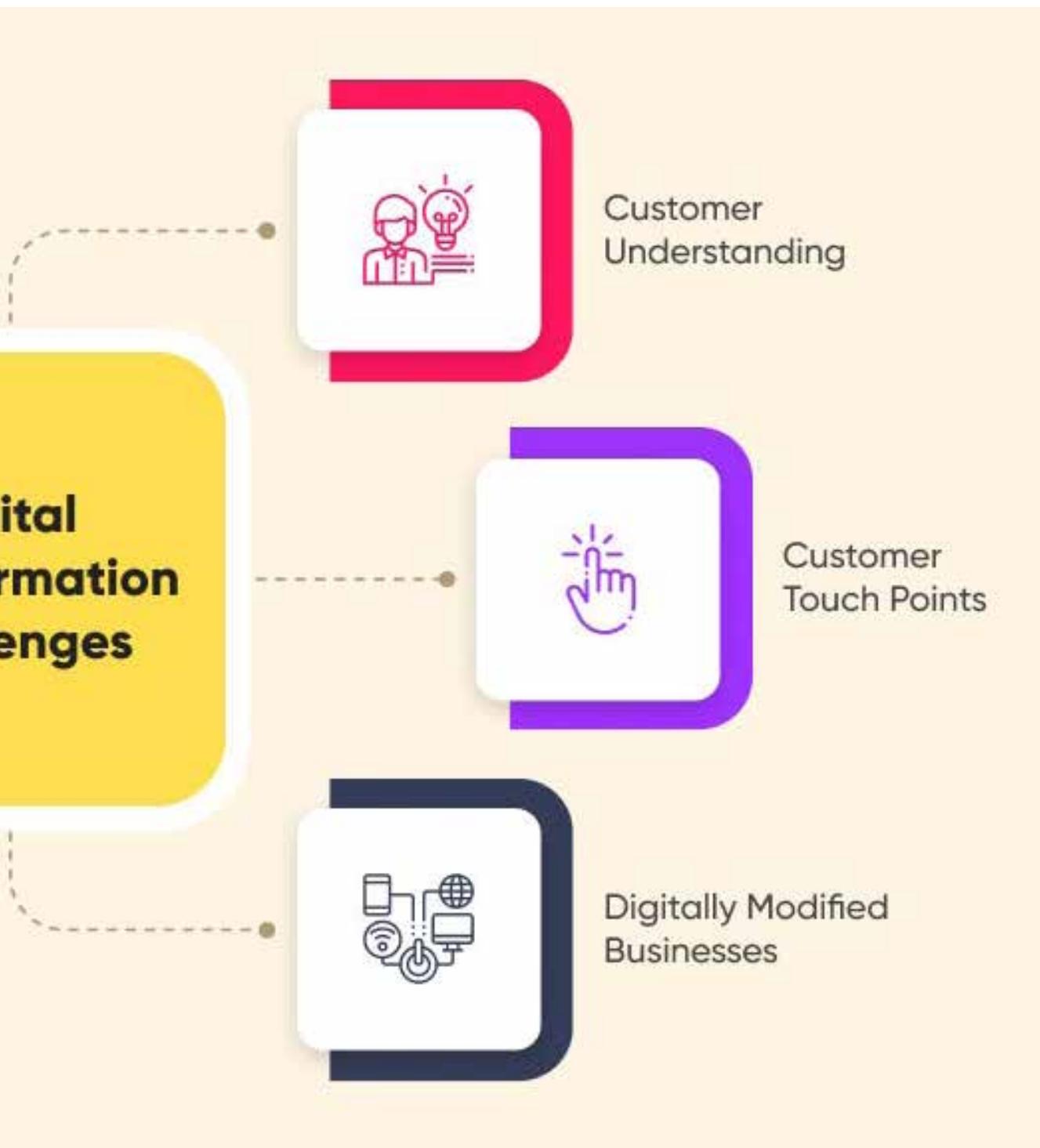


Top-line Growth



Digital Transformation Challenge

**THIS REPORT WILL EXPLORE THESE TOPICS AND PROVIDE PRACTICAL EXAMPLES OF WHAT DIGITALISATION INVOLVES, HOW COMPANIES ARE GOING ABOUT DIGITALISATION AND WHAT TYPICALLY IT INVOLVES**



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What are the factors driving digitalisation within the industry, how this is creating change and what does it mean for your business

.....

The typical benefits that early adopters of digitalisation are seeing within their businesses

.....

The digitalisation options available to the rental company. This section also covers an analysis of the main digitalisation delivery strategies of in-house development, Commercial Off The Shelf software deployment, partner with a platform provider or hybrid approach

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An overview of how organisations are managing digitalisation within their businesses, including the KPIs used to measure the impact of digitalisation and manage the journey, and how to organise for digitalisation

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The crystal ball - Examples of how digitalisation could develop in the rental industry and what the future might look like

.....

Practical self assessment readiness "Checklist"

.....





# 01

**What is driving  
digitalisation  
in the rental market**

# DIGITALISATION – THE MARKET HAS REACHED A TIPPING POINT... “IT IS NOW HOW, AND ARE WE DOING THE RIGHT THINGS, RATHER THAN SHOULD WE DIGITALISE”

The implementation of digitalisation has reached a tipping point due to four main drivers:

## 1. CUSTOMER DRIVERS

- > **A number of customer segments expect a high level of digitalisation**, especially the large customer segment and in the absence of digitalisation, customer costs are increased and a rental company will find it hard to do business.
- > Other segments such as **the mid market are rapidly embracing digitalised rental** as it makes their businesses more efficient and effective, releasing time to manage the site rather than organising rental.
- > Finally in some segments, such as the craftsmen and consumer segment, digitalisation has yet to make a significant impact, however it is developing fast and as demographics change over time, **digitalised rental will become the norm as younger rental customers** who are accustomed to doing everything online increase in importance.

## 2. RENTAL COMPANIES

- > The digitisation of rental processes are transforming a rental company's cost base and delivering **a faster, more efficient and effective service**. In addition, rental companies are increasingly offering value added services based on telematics data. These developments educate customers to expect such an approach and are driving change and re-setting expectations across the industry.

## 3. EQUIPMENT AND SOLUTION PROVIDERS

- > New equipment comes digitally enabled, **OEMs are pushing digital added value solutions** and software solution providers are selling the benefits across the industry, again educating customers and setting expectations.

Customers are asking for digital invoicing, want to see fuel levels, etc.

Sustainability development cannot really exist without digitalisation.



#### 4. EXTERNAL FACTORS

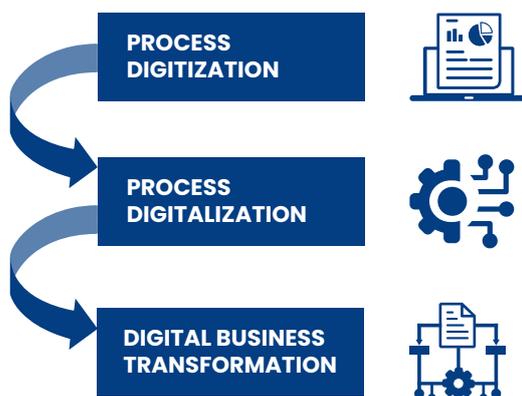
> Sustainability requirements such as **city centre zero emission zones and carbon emission reporting are delivered by digital solutions**, digitalisation enables sustainability requirements to be met and sustainability requirements drive digitalisation. In addition, areas such as insurance are looking at digitalisation as a means to reduce premiums and hence reduce a construction customer's cost base (due to the positive impact digitalisation has on health and safety and theft). All of these factors are increasing the drive towards digitalisation.



“ For us, digitalisation enables automation and excellence, which releases our people from non value added administration, for example, to more customer facing, value added activity. ”

# PROCESS AUTOMATION AND MACHINE TELEMATICS ARE DRIVING DIGITALISATION FROM WITHIN THE INDUSTRY, HOWEVER CUSTOMER ACCEPTANCE IS ONE OF THE BIGGEST FACTORS HOLDING BACK DIGITALISATION IN SOME CUSTOMER SEGMENTS

## AUTOMATED RENTAL PROCESSES ARE MORE EFFICIENT AND EFFECTIVE



- > Digitisation of the rental process delivers **efficiency and effectiveness gains** and is a first step on the digitisation journey
- > Digitalisation **enables effective revenue collection**, supports increasing asset utilisation reduces administration costs and delivers enhanced services in areas such as sustainability

## DIGITALLY CONNECTED MACHINES ENABLE TRANSFORMATION



- > Machine data **provides visibility** on machine availability and delivery of superior customer service
- > Data analysis allows for **error reduction / elimination** and service and proposition (e.g. variable pricing) development



## HOWEVER, CUSTOMER BEHAVIOUR CHANGE IS STILL THE BIGGEST HURDLE



- > "Only a few look online, still mainly call up the rental company"
- > "Not seeing adjustment to rent online"
- > "Customer everything last minute, very traditional, will call up"
- > "Customers want to negotiate discounts"
- > "Typical renter is over 30 years old"
- > "Difficult to sell what is new"



- > "Younger customers look online – don't call"
- > "the construction industry is only just starting, it's behind all other industries"
- > "Customers in a hurry, need to know the equipment is available, digital enables certainty"

# DIGITALISATION

## ALL CUSTOMER SEGMENTS ARE RAPIDLY MIGRATING TO DIGITALISED RENTAL SOLUTIONS, BUT DIFFERENT SEGMENTS HAVE DIFFERENT DRIVERS...

### LARGE CONSTRUCTION COMPANIES

Digitalisation offers large companies direct cost reduction as it streamlines back office processes in areas such as:

- > e-procurement linked to their ERP systems
- > Automation of their paperwork processes
- > Elimination of errors and exception management
- > Automation of contract management

It delivers cost reduction across their activities by enabling:

- > The management of their asset pool (own and rental)
- > Facilitates services such as fuel management and material movements
- > Supports analysis and management of site efficiency and effectiveness by providing data on asset (and hence workforce) utilisation

It enhances their customer experience as they:

- > Receive online rental offers, equipment availability data, last rental data, etc.
- > Can receive transparency on what's on site, documentation on assets and user training
- > Can self serve
- > Meet planning regulations, laws, CO<sub>2</sub> information, modelling

### MEDIUM CONSTRUCTION COMPANIES

Construction engineers are very time poor and an online solution enables them to rent assets quickly and efficiently. Key to this segment is engagement with, and education of, decision makers to educate them on the benefits to their business of digitalised rental.

The streamlining of back office processes and reduction in their costs associated with rental (invoicing, fleet management, contract management) are of immediate value to this segment.

At the current time, the market reports that they are less interested in more advanced data solutions, such as sustainability, rather their own efficiency and effectiveness are the key drivers, however, in areas such as health and safety, interest is growing.

This segment is being targeted by the more successful platforms, often via an availability proposition to get initial engagement, then migrating the customer onto platform usage via delivering efficiency and effectiveness benefits.

### CRAFTSMEN / CONSUMERS

This segment is characterised by craftsmen and DIY customers who are used to apps such as uber, booking.com and budget airlines.

The craftsmen rental process is perfectly suited for digitalisation – availability and price offered online and rental achieved via a credit card.

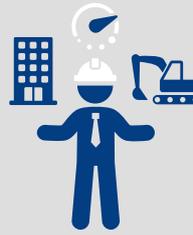
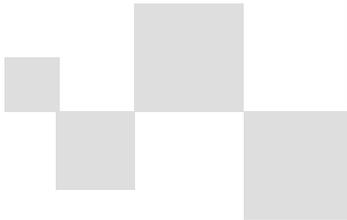
Accordingly, on the back of an ease of use offering, this segment has rapidly moved online, driven by rental companies and an expectation of digital offering as is available in other segments.

The move to digitalisation in this segment is also forecast to accelerate as the market matures.

**This segment expects digitalised rental**

**This segment is being targeted and is transitioning fast**

**This segment is a natural target for digitalisation**



“ Construction engineers are very busy running the worksite and renting equipment the traditional way takes a lot of time ”



“ Small customers don't care about fleet management and data, they want to negotiate a deal and get advice ”



“ Rental customers used to be older men who grew into the job, interested in knowledge, now they are younger and female and just want data and results ”







**02**

**The benefits of  
digitalisation**

# THE FIRST STEP IN RENTAL DIGITALISATION IS THE AUTOMATION OF THE RENTAL PROCESS WHICH ALONE DELIVERS A SIGNIFICANT SET OF BENEFITS

Digitalising the rental process involves eliminating paper and implementing a full digital end to end rental process, from a customer enquiring on asset availability and price to being notified of delivery, any maintenance required on an asset and off renting an asset when the customer has finished with it. Critical to achieving **full digitalisation** of the end to end rental process is the implementation of telematics on assets, to access data on location, status and use. However, many of the process benefits can be realised without full implementation of telematics.

Digitalising the rental process typically delivers the following benefits:

## 1. PROCESS EFFICIENCY AND EFFECTIVENESS

- > **Paperless contracting** – customer acquisition, customer financial evaluation, contracting, extension of contract, delivery notes

## 2. EFFECTIVE STAFF MANAGEMENT

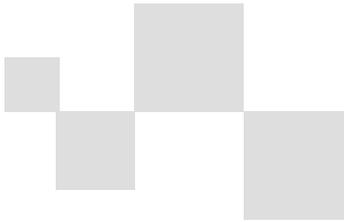
- > **Reduction in staff spending time** on paperwork or exceptions which are non value added
- > **Lead time at the counter** – spend on paper and reduce on admin work

## 3. EFFECTIVE SALES MANAGEMENT

- > See a **huge change in sales behaviour** based on occupancy reports on equipment linked to effective sales management
- > Systems to provide a customer dashboard to sales staff
- > External data (for example on construction starts)
- > Dynamic pricing based on availability and demand
- > Lead allocation and follow up tracking
- > Customer profitability analysis
- > Solution sales (e.g. training) based on site usage data

Biggest benefit:  
Customer satisfaction and hence retention

Increase in billable services – Revenue increased by 45%



“ **40% of enquiries rejected** during automated credit and history checking (compared to historic manual approach)



“ Credit decrease – Credits posted to customer **decreased by 40%**



“ Reduction in time to process service / maintenance – **Reduction of 32%**



#### 4. EFFECTIVE CUSTOMER MANAGEMENT AND ENGAGEMENT

- > Accurate usage data enables full service billing (e.g. outside hours operation)
- > Accurate invoicing supported by accurate data in areas such as fuel, damage, etc.
- > Customer wants to know: cost, safety, productivity, carbon footprint

# FOLLOWING DIGITALISATION OF THE RENTAL PROCESS, IMPLEMENTATION OF TELEMATICS ON RENTAL ASSETS FACILITATES THE NEXT SET OF BENEFITS TO BE DELIVERED

Implementing telematics on assets provides data on asset location, status and usage which enables an additional set of operational benefits.

Digitalising the rental process delivers the following benefits:

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## 1. DATA ON THE USAGE OF THE ASSET

- > **Avoids revenue leakage** – e.g. evening and weekend working, damage, fuel levels / usage
- > **Usage alerts** – knowing when and how used
- > **Pricing** – adjust prices according to location of equipment and occupancy (for clients out of negotiated rates)
- > **Sustainability data** – emissions from use of machine reported to customer

## 2. EFFECTIVE AND EFFICIENT MAINTENANCE PROCESSES

- > **Machine data** enables predictive maintenance and efficient scheduling of servicing and repair activity
- > **Elimination of staff undertaking administrative functions** – i.e. automatic ordering of spare parts in advance of site visit based on machine telematic data (for servicing or repair)
- > **Digitalising machinery records and repair / maintenance activity**

## 3. LOGISTICS

- > **Machine location** to facilitate pick up, delivery and collection
- > **Real time delivery information** to customer

## 4. ASSET MANAGEMENT

- > **Machine utilisation data** to input into purchase decisions
- > **Machine location and fleet optimisation** to feed into purchase decisions
- > **Machine utilisation data** to optimise disposal decision
- > **Breakdown and maintenance data** to inform optimal disposal timing



“ Customers are asking for digital invoicing, want to see fuel levels, etc. ”



“ For us, digitalisation enables automation and excellence, which releases our people from non value added administration, for example, to more customer facing, value added activity ”



“ Sustainability development cannot really exist without digitalisation ”

# TELEMATIC IMPLEMENTATION EXAMPLES



- > Toilet calls for emptying when required
- > Environmental guarantee – guarantee no site closures due to environmental issues caused by over full site toilets
- > Servicing costs cut by 30%
- > Business grown by 50% due to environmental guarantees



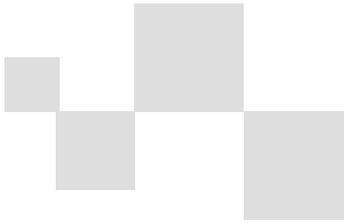
- > Road toll charges billed at time of asset return
- > Based on GPS tracking of asset
- > Evidence available on return
- > \$60k / month revenue recovered
- > Customer disputes eliminated



- > Asset calls for service when needed
- > Breakdown reported when happens, report includes diagnostic analysis
- > 32% reduction in time to process service / maintenance



- > Realtime asset location
- > On / off rent automation
- > Interface to billing and invoicing
- > Delivery tracking
- > Turnround time improved by 50%



- > Scissor lift battery charge text reminders at end of day
- > Increase in scissor lift availability on site
- > Elimination of flat battery service requests

# THE FINAL SET OF BENEFITS FROM DIGITALISING THE RENTAL PROCESS IS SERVICE AND BUSINESS MODEL DEVELOPMENT BASED ON DATA ANALYSIS

Digitalisation can deliver benefits significantly beyond automation of the rental process. It can support transformation of the propositions made to customers, it can assist customers to transform their own businesses and it can deliver transformation of the rental business itself...

Digitalisation of the rental process delivers the following benefits:

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## 1. MARGIN ENHANCEMENT

- > Generally higher prices online as selling other benefits – service, availability, solutions, etc.

## 2. COMMERCIAL PROPOSITIONS

- > Historically everything was sold as an “availability based rental proposition” if it’s on your site we charge you for it
- > Now offering hybrid lower availability charge and higher usage charge based on telematics usage data – how many hours the asset actually worked / moved
- > Many rental companies are looking at pure usage propositions for the future

## 3. DELIVERING VALUE BEYOND ASSET RENTAL

- > Health and safety and damage avoidance – Incident analysis, root cause identification and future avoidance (for example via training) – in one example machine damage was caused by a failure of users to operate the machine correctly, the rental company sold training which reduced the customer damage charges, increased machine availability and improved health and safety
- > Analysis of usage information (for example hours worked and load factors) and reporting of carbon emissions to meet customer sustainability requirements
- > By interfacing directly with the customers ERP systems the rental company can deliver customer cost benefits by avoiding exceptions, invoice reconciliation, reducing contract management activity

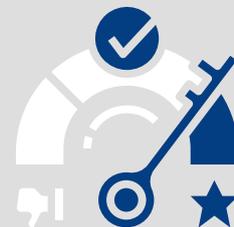
## 4. ONLINE TOOLS TO HELP WITH THE RENTAL PROCESS

- > E.g. workplace design such as scaffolding

Easier to automate than to train at the counter



“ Management Information and data shows what’s really happening and helped company mature. Biggest benefit is to debunk pre conceived perceptions without data, now have data which supports better business decisions. ”



“ Customer driven KPIs showing impact of digitalisation are the main benchmark - like the fact that we are viewed as the safest (cyber wise, Health and Safety, etc.) and most reliable company in the market means digitalisation has succeeded ”

# RENTAL COMPANY DIGITALISATION – CASE STUDY



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## THE CHALLENGE

The rental company set a goal to be the rental industry's best-performing supply chain. They wanted to replace manual processes with a range of integrated digital apps.

To achieve this demanded a step-change improvement in equipment availability, delivery accuracy, logistics, and servicing efficiency.

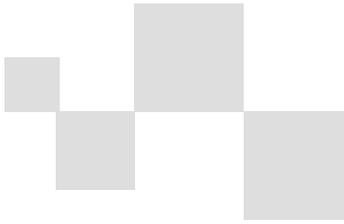
The supply chain team embarked on a mission, to replace all manual processes

## THE APPROACH

The rental company customised an off the shelf digitalisation solution. In under 12 weeks, a customised pilot solution was delivered which automated the receipt, servicing and delivery of rental equipment and consumables.

Following a successful pilot, the solution was integrated into the rental company back-office systems and was rolled out across all locations. Another logistics process transformed was reclaiming damaged equipment. The integrated 'damage recording' capability allowed technicians to take and mark-up photographs of damaged equipment and instantly trigger the damage reclaim workflow.

Simplifying and speeding-up this process has significantly increased successful damage reclaims. The new digitalised process delivers a 'single source of truth' to customer service and logistics planning teams. All equipment interactions and service data are presented in an easy-to-use web portal that provides complete transparency to internal and external customers.



## THE RESULTS

Equipment availability is a key driver of profitability, and it is driven by the speed that rental equipment can be made available (or turned around) on return from a customer site.

digitalised processes allow depot logistics teams to instantly receipt and prioritise equipment the moment it arrives in the yard. This real-time receipt capability has halved the turnaround time of equipment and significantly increased availability.

Instant equipment receipt has also slashed customer credit notes by 40%. The rental company offers cleaning and

refueling services to customers. However, details of the services performed were recorded on paper and sometimes illegible or even lost.

The digitalised processes ensure that all services, parts, labour and consumables are correctly recorded and updated to the back-office systems in real-time to ensure quick, accurate billing.

The time to record service inspections reduced by 32% because the service information is easier to capture in electronic forms.



A man with dark hair, glasses, and a beard is wearing a blue button-down shirt. He is looking down and to the left, focused on a document or screen. The background is a blurred blue-toned office or meeting environment. The overall mood is professional and focused.

# 03

**Getting started**  
– strategic options

# GETTING STARTED – THE STRATEGIC OPTIONS AVAILABLE TO A RENTAL COMPANY STARTING ON THE DIGITALISATION JOURNEY

All rental companies face the same opportunities, whether a larger rental company or a smaller SME rental company. This section is applicable to all sizes of rental company, but particularly applicable to small and mid sized rental companies who have yet to start their digitalisation journey and have limited resources compared to the larger rental company.

Summarising the benefits of digitalisation to rental companies are as follows:

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**1. PROCESS EFFICIENCY AND EFFECTIVENESS – AUTOMATE EXISTING PROCESSES, REDUCE COSTS, INCREASE SPEED, ELIMINATE ERRORS, INCREASE REVENUE**

**2. CUSTOMER SERVICE AND SOLUTION ENHANCEMENT AND DEVELOPMENT**

> **Stage one** – interface of rental ERP with customer ERP to deliver efficiency and effectiveness gains to the customer (as well as the rental company)

> **Stage two** – use of telematics to deliver enhanced services and solutions to the customer and develop additional services and solutions

**3. MARKETING AND SALES – REACH AND SELL TO NEW CUSTOMERS**

**4. ASSET MANAGEMENT (VIA TELEMATICS)**

**5. BUSINESS MODEL TRANSFORMATION – DEPOTS, ASSET POOL, SALES ORGANISATION, BACK OFFICE ORGANISATION**

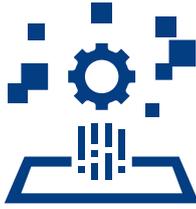


**HOWEVER, RENTAL COMPANIES OFTEN HAVE LIMITED DEVELOPMENT RESOURCES TO DEVELOP THEIR OWN DIGITALISATION SOLUTIONS. TO OVERCOME THIS THERE ARE MANY OFF THE SHELF SOFTWARE AND PLATFORM SOLUTIONS ON THE MARKET. THE ROUTE A RENTAL COMPANY SHOULD CONSIDER DEPENDS ON THEIR STRATEGIC PRIORITIES AND GOALS.**

The key options available are as follows, each will be explored in turn on the following slides:

- > Do nothing, carry on as before, no digitalisation
- > In-house: develop and implement a digitalisation strategy in-house
- > In-house: utilising commercial off the shelf (COTS) software solutions
- > Partnership with a platform provider
- > Hybrid mix and match solution based on mix of in-house, COTS and platform

# THE THREE MAIN DIGITALISATION PATHWAYS FOR THE RENTAL BUSINESS TYPICALLY INVOLVE:



## 1. PLATFORM PROVIDER

In this pathway the platform provider usually undertakes digital marketing on behalf of the rental company, they provide a digital solution which replaces or integrates with, or operates alongside the rental company's own systems, the rental company owns and maintains the asset and provides the customer service associated with the rental – advice, on and off rent, maintenance and support and logistics – although the platform may provide some of these solutions (such as transport) and / automate process elements such as on and off rental, invoicing and data provision to the customer. The more advanced platform providers will also provide data and data analytics in areas such as incident analysis, segmentation by different incident, impact, type of customer, etc., and make recommendations as to how the rental partner can improve their service. They will also support investment decisions by providing supply and demand data for the market segmented by area, equipment, clients, etc., and data on how to use the equipment – utilisation, carbon impact, etc.



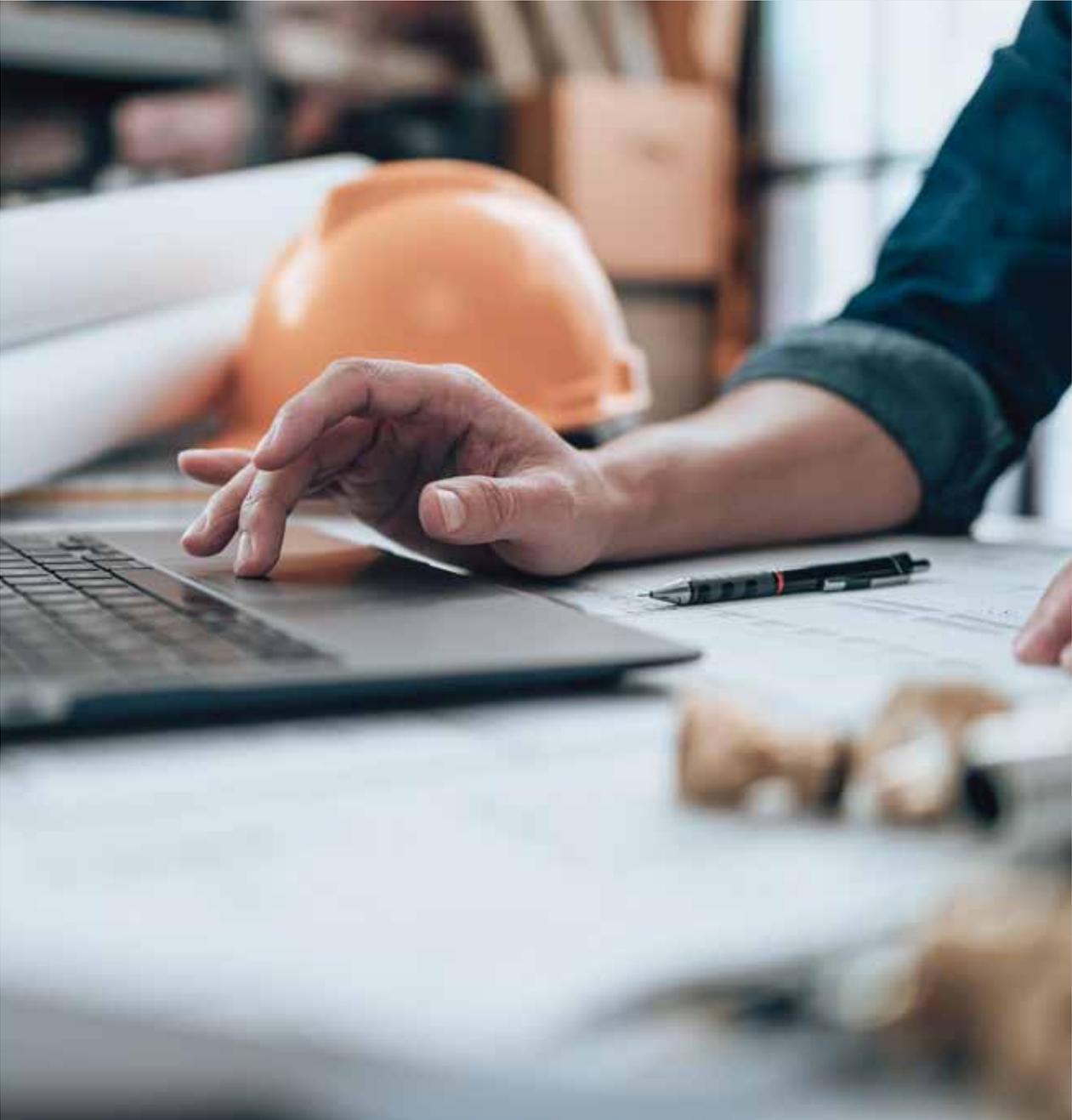
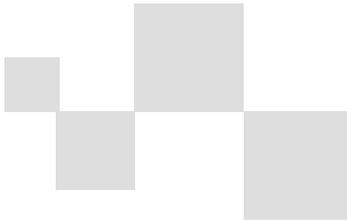
## 2. SOFTWARE SOLUTION PROVIDER

Including platforms provided by the equipment manufacturer. These solutions provide a COTS (commercial off the shelf) software solution which digitalises the rental process and automates the process from allowing the customer to rent digitally to organising logistics, maintenance and repair, enabling the customer to on and off rent an asset and digitally invoicing the customer. In a number of cases (where the asset has telematics installed) they will support data analytics and provision of digitally enabled solutions to the end customer such as equipment utilisation. The solution will either replace, integrate into, or sit alongside the rental companies ERP.



## 3. IN-HOUSE DEVELOPMENT

In this scenario, the rental company will develop their own digital solutions, or if a SME, more likely they will purchase stand alone solutions such as a maintenance, or logistics solution and integrate them into their ERP to create a solution for their business.



# DECISION MAKING FOR RENTAL COMPANIES – THE DIGITALISATION DO NOTHING OPTION

What it involves:

Carrying on as before, no major steps towards digitalisation, usually includes a website catalogue, maybe email campaigns and local social media combined with an email enquiry system on the website, but little or no automation of processes, no telematics and no digitalised service development.

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Factors for

- > **No investment** required
- > **No change** required



Factors against

- > **Aging construction workforce** will mean traditional customers will leave the industry
- > **Younger customers** will require digital solutions as they run their lives digitally
- > **Medium and larger customers will increasing** require digitalised services and solutions
- > **SME rental agencies will lose share** to platforms as they mature

### Critical success factors:

Need a clear strategy to differentiate the non digitalised rental business from digitalised alternatives – for example local non web travel agent maintaining its business via personal service versus online travel, flight and holiday booking options.



# DECISION MAKING FOR RENTAL COMPANIES: THE IN-HOUSE DIGITALISATION OPTION

What it involves:

Building your own solutions in-house. Solutions typically include process automation, social media activity (such as web promotions, linkage to local activity such as building starts) automated multi channel sales front end, automated availability, quoting, integrated with telesales and in person depot sales, telematics, either self installed or middleware to integrate manufacturers' systems with own systems, digitally enabled services and solutions (such as sustainability or use based pricing).

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Factors for

- > **Control** – your system will fully meet your needs and be to your specification
- > **Ownership** – you own the lead stream, the market engagement and customer relationship (versus platform option)
- > **Facilitates** – longer term service development and business transformation



Factors against

- > **High cost** option
- > **Skills** and resources required
- > **Timescale** to implement (years)
- > **Maintenance** and refresh
- > **Ability to create a solution** better than off the shelf solutions



## Critical success factors:

Need a clear strategy to differentiate from platforms and competitors

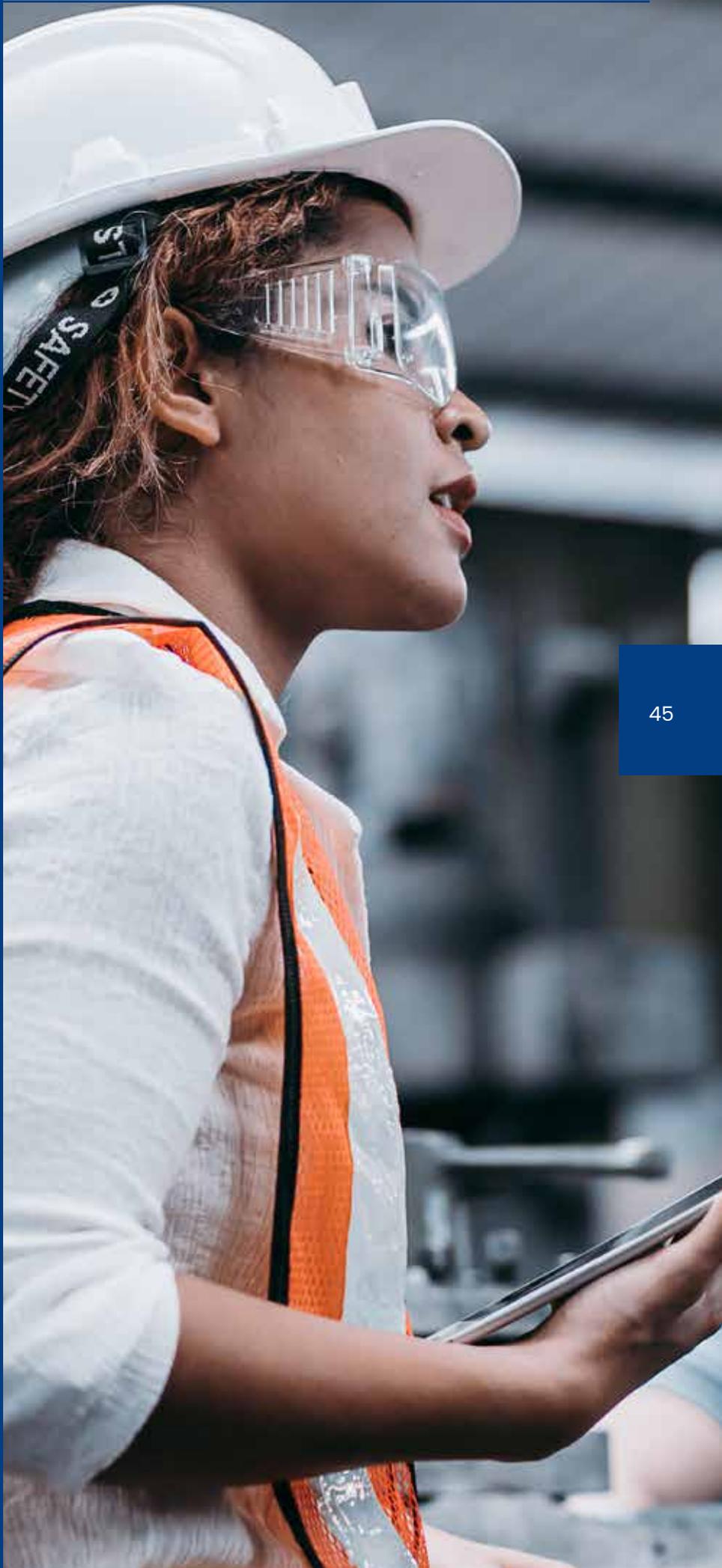
- > This can be digitally enabled local, regional or international presence, delivering strong brand awareness, wide reach and high levels of service supported by digitalisation
- > Can be a focus on a particular asset class – e.g. specialist in power rental, toilets, temporary buildings, etc.
- > Can be a functionality based proposition based around services and solutions

Critical to success is a focus on digital to drive customer retention and growth as well as acquisition and servicing

Need to commit funds and resources to development and implementation



“ Customer driven KPIs showing impact of digitalisation are the main benchmark – like the fact that we are viewed as the safest (cyber wise, Health and Safety, etc.) and most reliable company in the market means digitalisation has succeeded ”



# DECISION MAKING FOR RENTAL COMPANIES – THE IN-HOUSE BASED ON COMMERCIAL OFF THE SHELF (COTS) SOLUTIONS

What it involves:

Building your own solution in-house by implementing COTS solutions. Solutions can range from full digitalisation out of the box, to discrete packages – for example a digitalised maintenance solution. Solution elements typically include process automation, covering back office, billing, electronic data interchange with customers, maintenance, asset management, customer relationship management, sales and marketing, telematics and data based service development (see benefits of digitalisation for examples). A typical “get started” approach means implementing discrete packages e.g. maintenance, to fix a problem, or deliver discrete benefits against a stand alone business case, and build up from there. Experience of companies interviewed for the guide was that at some stage along the journey you will have to replace your ERP system once you have digitalised a significant element of your business, otherwise an existing ERP system will constrain further digitalisation.

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- > **Can develop piecemeal**, each element based on stand alone cost benefit
- > **Can develop faster** than in-house
- > **Capability** is often higher with bought in systems than in-house
- > **Support, maintenance and ongoing development**, releases covered by supplier
- > **Facilitates longer term service development and business transformation**



- > **Skills and resources required** (lower than do it in-house)
- > **Constrained to the pre designed COTS solution**
- > **Ongoing licence and support costs**
- > Requirement at some stage through the journey to **replace your ERP system**

## Critical success factors:

Need a clear strategy to differentiate from platforms and competitors (as in-house development)

Need intelligent customer capability and in-house capability to integrate with existing systems



# DECISION MAKING FOR RENTAL COMPANIES – PARTNER WITH A PLATFORM PROVIDER OPTION

What it involves:

Rental company partners with platform provider. Platform provider typically undertakes the marketing and secures the rental request, then puts the requirement out to the rental companies on their books and the rental company can provide the asset to the customer. The platform bills the customer or can act as an agent for the rental company who bills directly. The platform provider often provides a digitalised system (platform) for the rental company. The platform usually undertakes marketing, sales, billing, often transport, but doesn't usually provide maintenance or fleet management. The platform provider takes a cut of the rental charge or bills the end customer direct and makes a margin on the rental fee they pay the rental company.

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- > **Platform provider can access market segments** unavailable to the rental company
- > **Can provide rental base load** which covers overheads
- > **Can provide digitalisation solution** (platform) avoiding development costs by rental company
- > **Speed of deployment**
- > **Data provision** to rental company and additional services based on data analysis



- > **Platform provider takes cut of the margin**, need to balance business volume to platform to maintain overall profitability
- > Once partnership set up, **can constrain rental company** to act independently (in defined areas)
- > **Digitalisation solutions not usually full scope**, so some investment still required (e.g. maintenance, telematics, fleet management, etc.)

## Critical success factors:

Need a clear strategy as to how the platform fits your customer portfolio

- > Provides baseload and then your own direct rental on top generates profit
- > Enables growth into different geographic areas by providing baseload
- > Enables you to service customer segments you would otherwise not reach
- > Do you keep business on the platform or migrate onto your own solution

Need to understand the impact on your business mix, profitability, and ability to service non platform customers

You have a plan for what happens if the platform arrangement goes sour



“Customers come to rent assets they can't find elsewhere, and stay as the platform is fast, more efficient and provides value added services”

# DECISION MAKING FOR RENTAL COMPANIES – HYBRID SOLUTION – IN HOUSE, COTS SOFTWARE, PLATFORM PARTNERSHIP

What it involves:

A combination of COTS software (for example in back office automation, asset management, maintenance), platform partnership to access market segments unavailable otherwise and to provide baseload to grow the business so the rental company can open new depots based on the baseload provided by the platform provider, and in house development to deliver telematics and integrate the COTS software and platform into the existing ERP system.

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- > **Platform provider can access market segments** unavailable to the rental company and provide baseload
- > **Speed of deployment**
- > **Data provision** to rental company and additional services based on data analysis
- > **Facilitates longer term service development and business transformation**
- > **Capability is often higher** with bought in systems and platforms than in-house



- > **Platform provider takes cut of the margin**, need to balance business volume to maintain overall profitability
- > Once partnership set up, **platform can constrain rental company** to act independently (in defined areas)
- > **Skills and resources** required to manage and integrate



### Critical success factors:

Need a clear strategy as to the role of each element within your customer portfolio and delivery model

Need to understand the impact on your business mix, profitability, and ability to service non platform customers

Need a clear strategy to differentiate competitors

Need intelligent customer capability and in-house capability to integrate with existing systems

Need to commit funds and resources to development and implementation





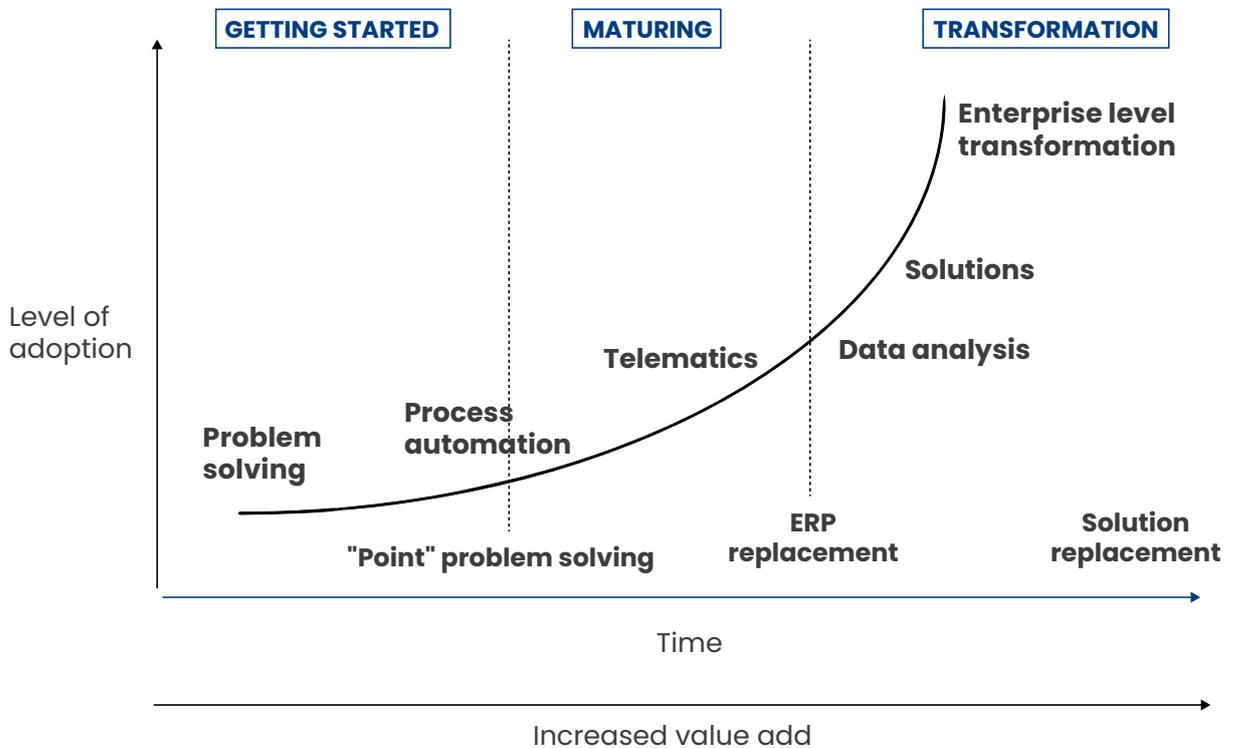
# 04

**The digital  
transformation  
journey**

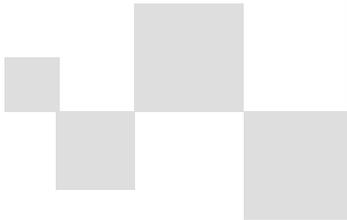
# DIGITALISATION IN THE RENTAL INDUSTRY – THE DIGITALISATION ADOPTION CURVE

There is no one size fits all approach adopted by rental companies to implement digitalisation into their business. If a company implements via a platform, or a commercial off the shelf package, they may move immediately up the adoption curve. Similarly, the starting point might be implementation of telematics and then elements such as delivery and maintenance. However, the change required within an organisation in terms of staff training and process re-engineering is not to be underestimated in order to achieve the full benefits of digitalisation. These changes will be covered in greater depth later in this section.

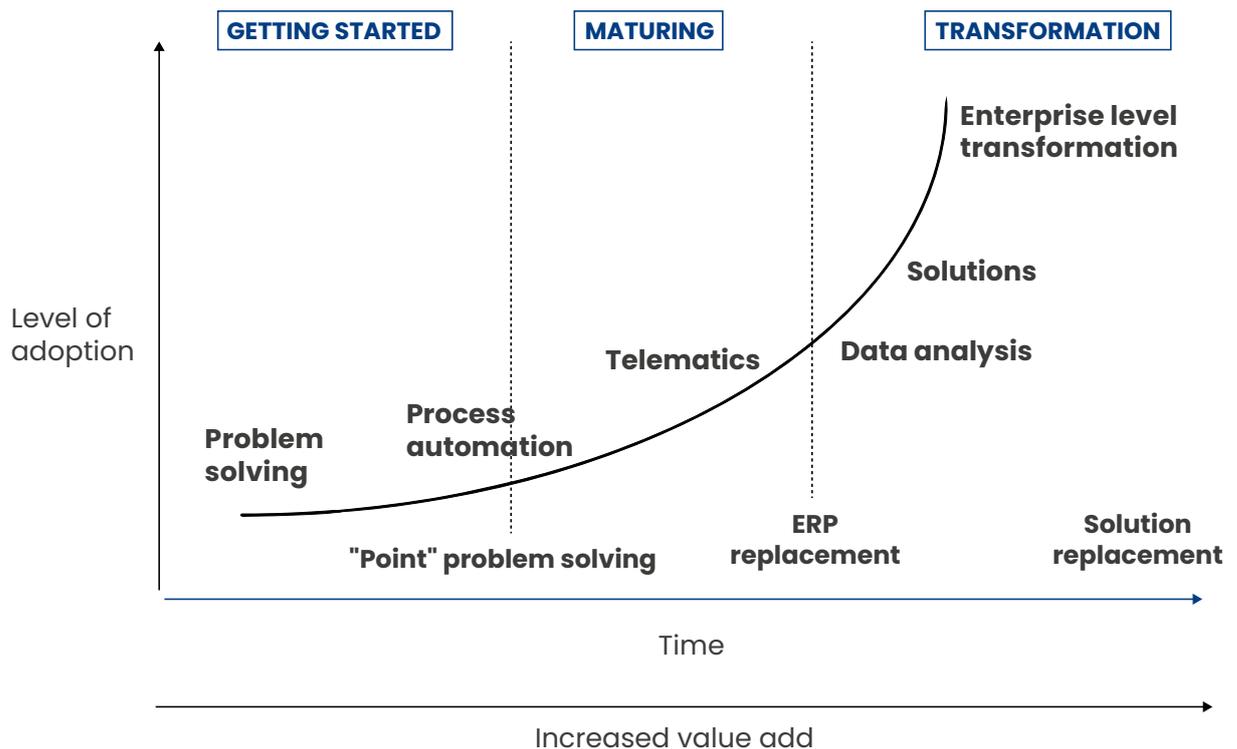
The digitalisation adoption curve maps the most common approach followed by the early industry leaders in rental industry digitalisation:



The digitalisation adoption curve for the rental industry



# DIGITALISATION IN THE RENTAL INDUSTRY – THE DIGITALISATION ADOPTION CURVE



Typically, a company implementing a digitalisation strategy will start with a “point solution” such as Electronic Data Interchange (EDI) with customers, or digitalisation of the rental process, however to gain the full benefits of digitalising the end to end rental process, particularly in areas such as maintenance, delivery, time of use billing, asset management, a rental company will need to implement telematics.

Telematics doesn’t just enable efficiencies to be unlocked, it also provides a lot of data on real time use, location, etc. This data can be analysed and then additional solutions provided to customers such as emissions data.

Once data is available on, for instance, machine health and location, it can enable the transformation of the business model by allowing rental companies to challenge the mix and age of their fleet, the number and location of depots, the way they charge their customers and to move to a greater provision of services to their customers.



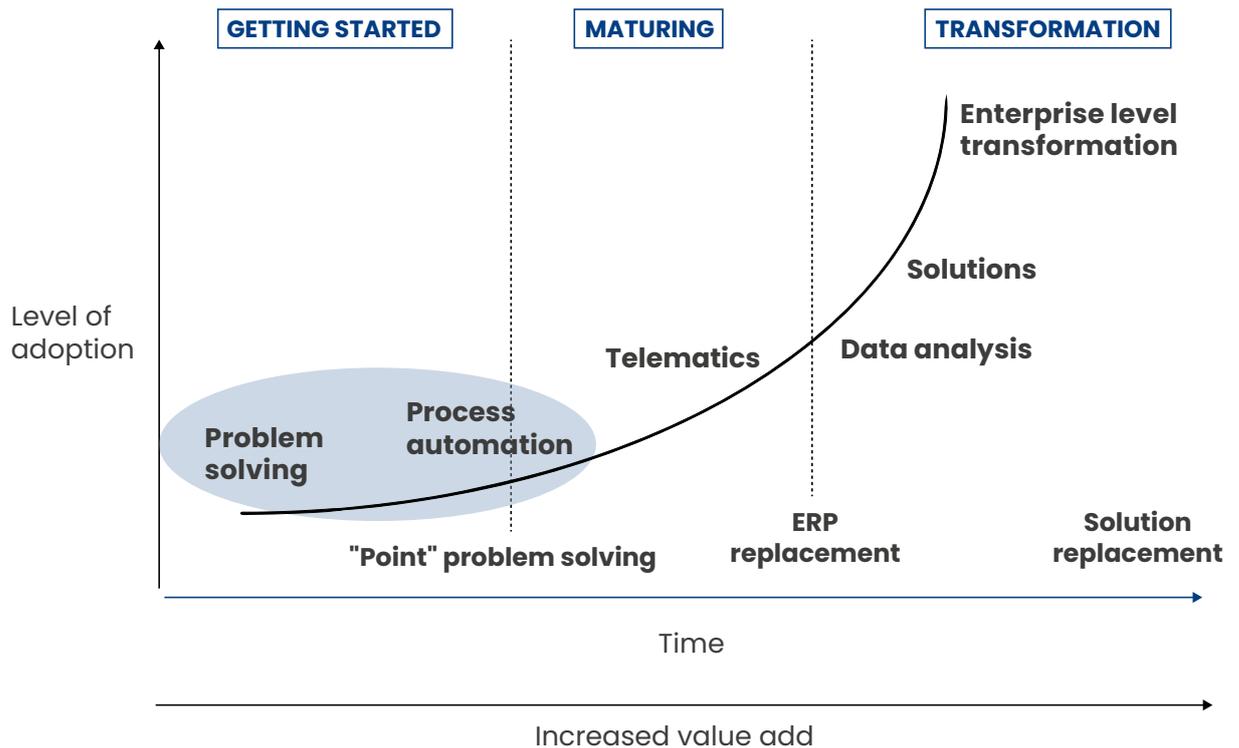
“ e.g. failed generator – system sends note to manager – useful, system allocates next available generator and organises transport and notifies customer – efficient ”



“ Ground up, we said this is not an ecommerce platform, this is a fleet management tool – so customers can optimise rental. We send alert to customers if they are not using the equipment to ask if they want to send it back. Not a means to upsell but to enable the customer relationship. ”

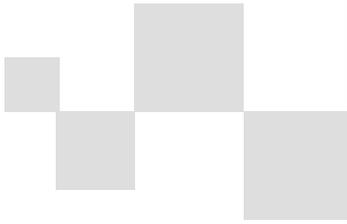
# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

## Step 1 – Problem solving



The following are the key learnings from the getting started stage of digitalisation, the automation of the end to end rental process. The main key message is that a traditional rental company is hard to transform, don't overestimate the ability of staff to change, and don't overlook the shortcuts, if there is a manual shortcut that circumvents the new digitalised process, staff will take it! It is often better to not try and change staff, and existing tools and ways of working, rather than try and use digitalisation to make them better – faster, easier and to eliminate the potential for errors.

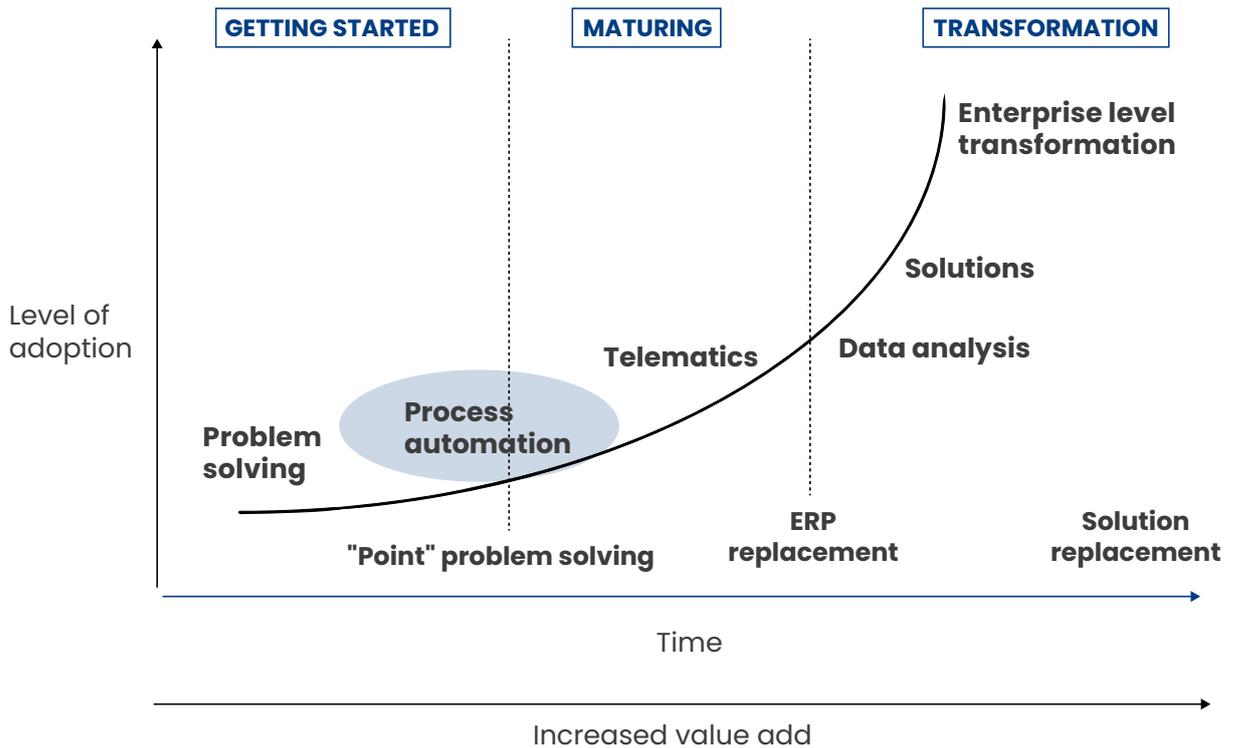
Ideally start with a number of ring fenced, easily implemented projects, typically aimed at addressing easily identifiable challenges and delivering measurable results, use these as a learning journey for staff and to facilitate organisational change, in a controlled manner and to educate staff so that they see a little success and then want to change, are ready for greater change and more importantly want to change.



The project process usually involves mapping the “As Is” rental model and process and automating this process to eliminate paper and create a continuous process avoiding data entry and handoffs.

# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

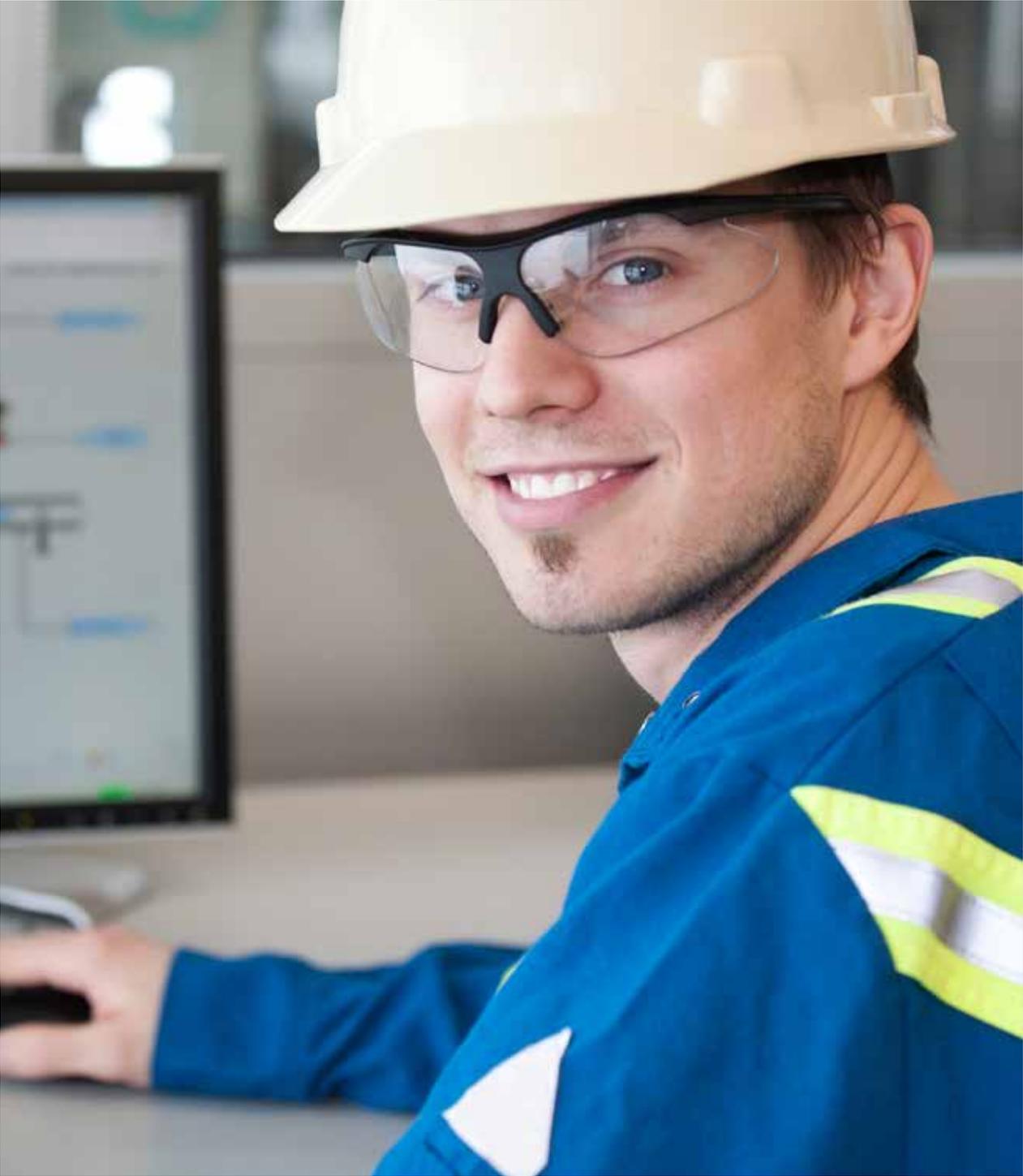
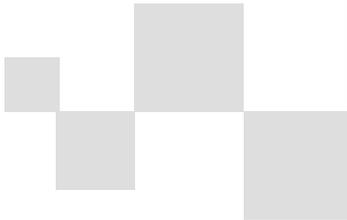
## Step 1 – Process automation (cont)



Once the process is mapped it can be reviewed from both internal and customer perspective – where are the pain points, what does the customer need? What can we develop for the customer (that they will value), where can we eliminate handovers and manual intervention, how can we eliminate the potential to make mistakes and increase the speed of the process and eliminate / reduce administration.

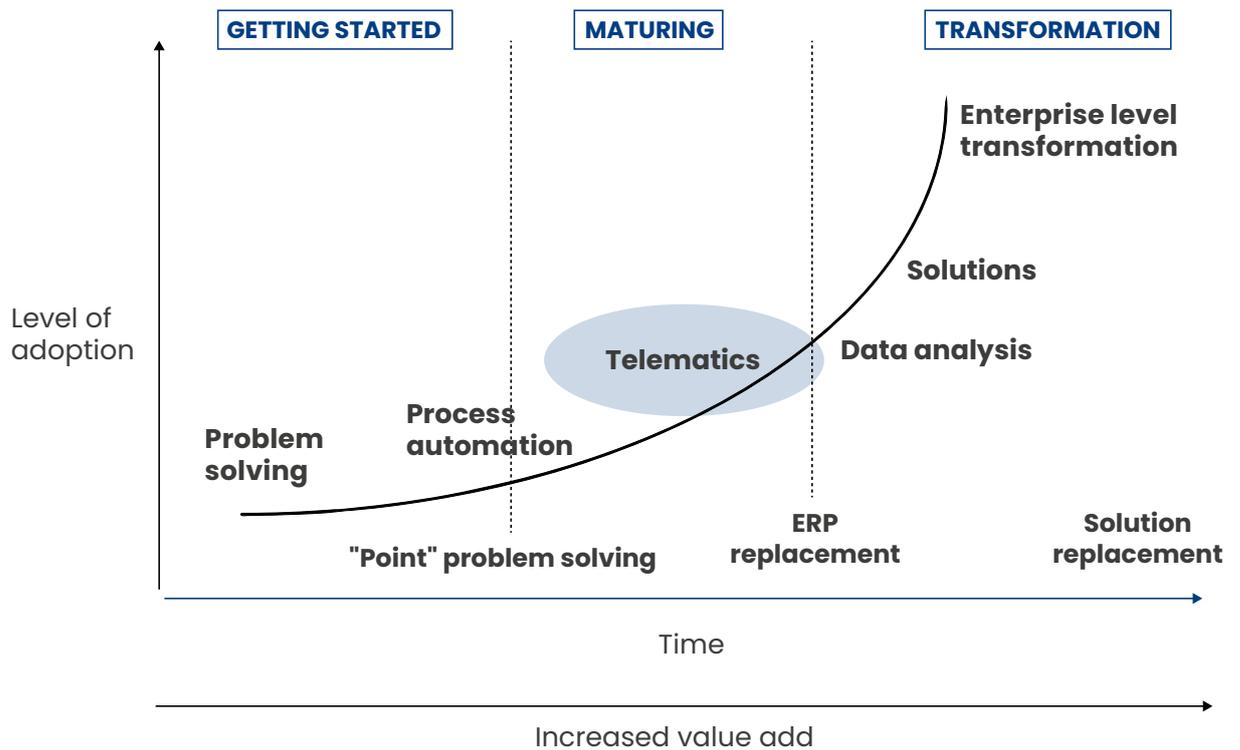
Once the “As Is” business model has been reviewed, a “Should Be” model and set up projects to digitalise the process, or automating manual processes with Commercial Of The Shelf (COTS) solutions. Targets set for transforming the business should not just be around cost reduction and process efficiency, but business related with digitisation transforming results.

Digitalisation of core business processes, as described above, is a big move in every aspect of the business, it doesn't just transform the operational processes but should also transform support processes such as HR, for example timesheets become digital. It should also include functional digitalisation – for example the QHSE business management system.



# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

**Step 2** – Telematics, the machine digital twin, service and solution development and the platform for business transformation



In parallel with looking at the digitalisation of core business processes, rental companies move their focus from that of internal efficiency, to that of looking at getting and using data from rental assets by installing or linking to already installed telematic systems.

These systems can provide, in real time, the location of an asset, the condition of an asset and how much work an asset has undertaken, when and how hard it is working and fuel or charge levels. Often this is achieved by the rental company installing Commercial Off The Shelf (COTS) telematic nodes and software.

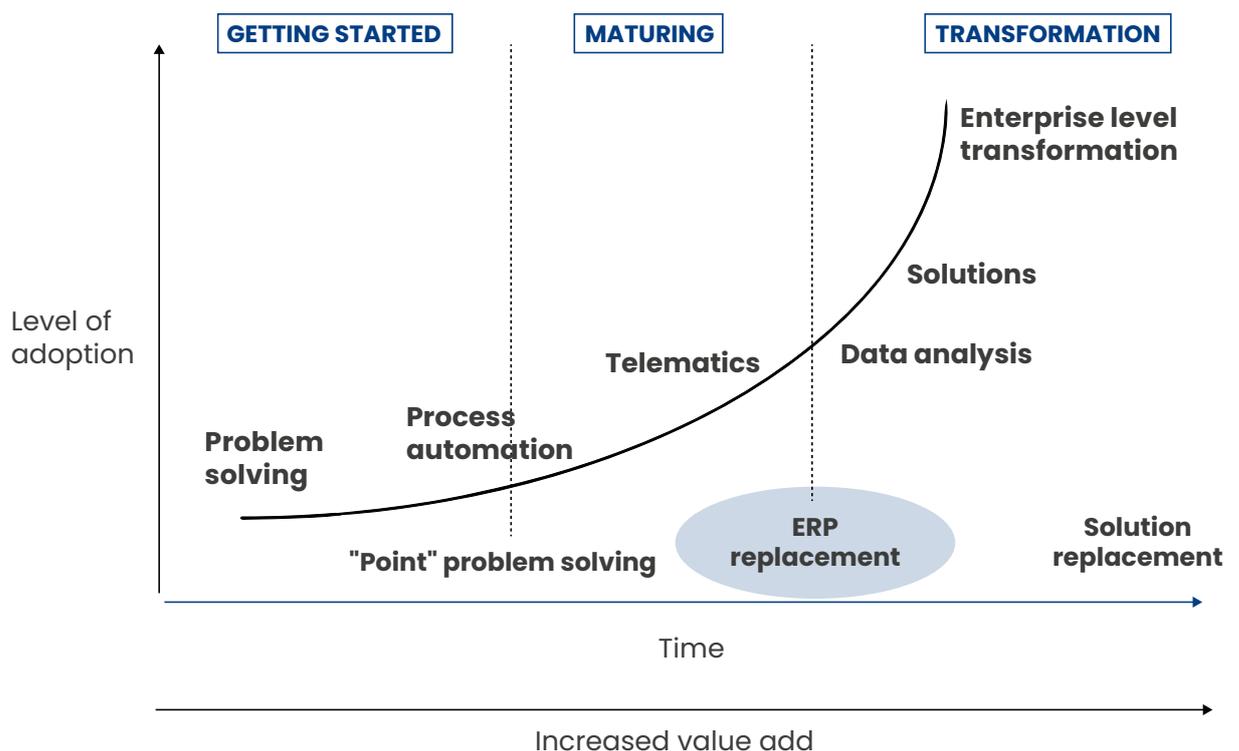


This data allows for further benefits particularly in the area of maintenance and repair, moving to proactive and targeted maintenance based on actual machine condition. Additional services, such as a proactive fuelling service can be easily offered to customers at this stage of the companies digitalisation.

Bigger customers are already asking for data feeds from rental assets in the areas of emissions data and to generate permits for the site. Customers want one stop solutions – machine, data, emissions analysis.

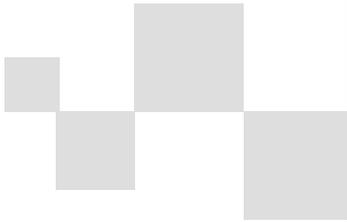
# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

## Step 3 – ERP system upgrade



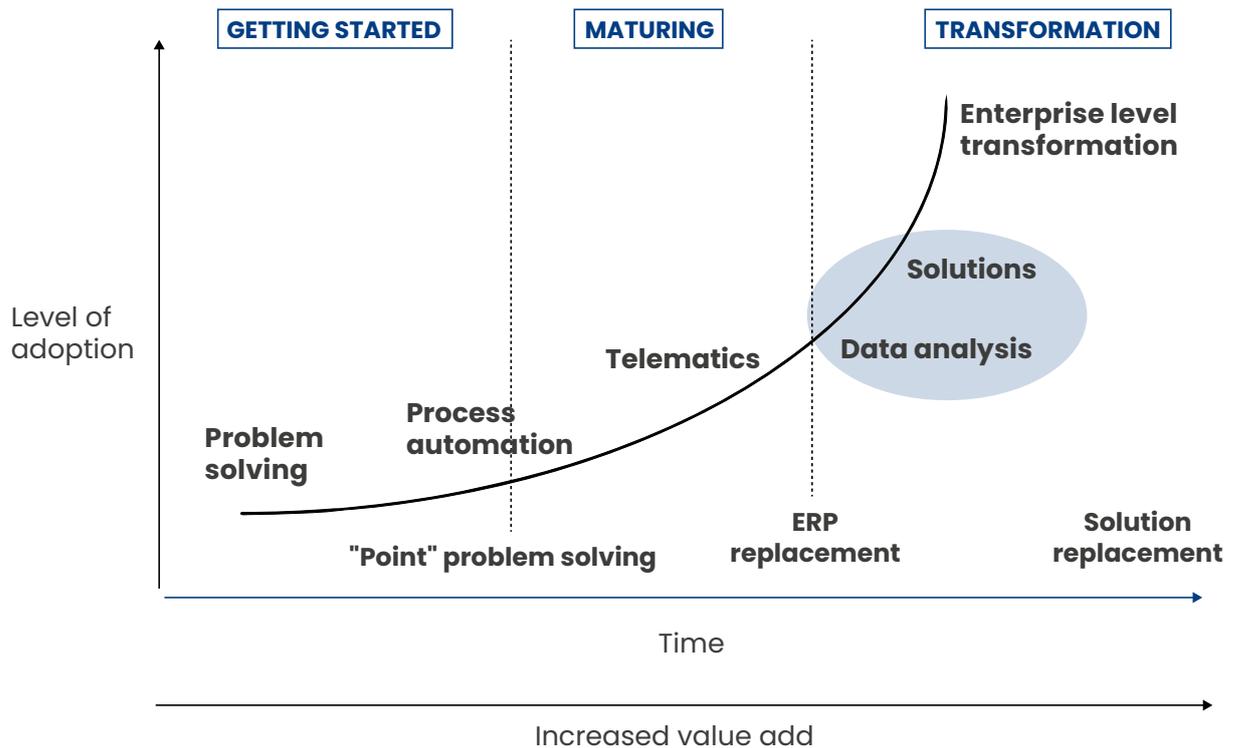
Digitalisation of core business processes, as described in the previous slide is a big move in every aspect of the business, it doesn't just transform the operational processes but should transform support processes such as HR, for example timesheets become digital, digitalisation of the QHSE business management system.

Next on the roadmap will often be upgrading the ERP system as digitisation has a high impact on the ERP system and the ERP system has a high impact on digitisation. Traditional ERP systems have a lot of handovers and checks and balances at different stages which limits digitisation. The rental business will want to collect and use data, in a traditional ERP system a lot of fields are manual and very difficult to report against. To go to full digitalisation the limitations of a traditional ERP system needs to be overcome and often at this stage the ERP system will need to be upgraded.



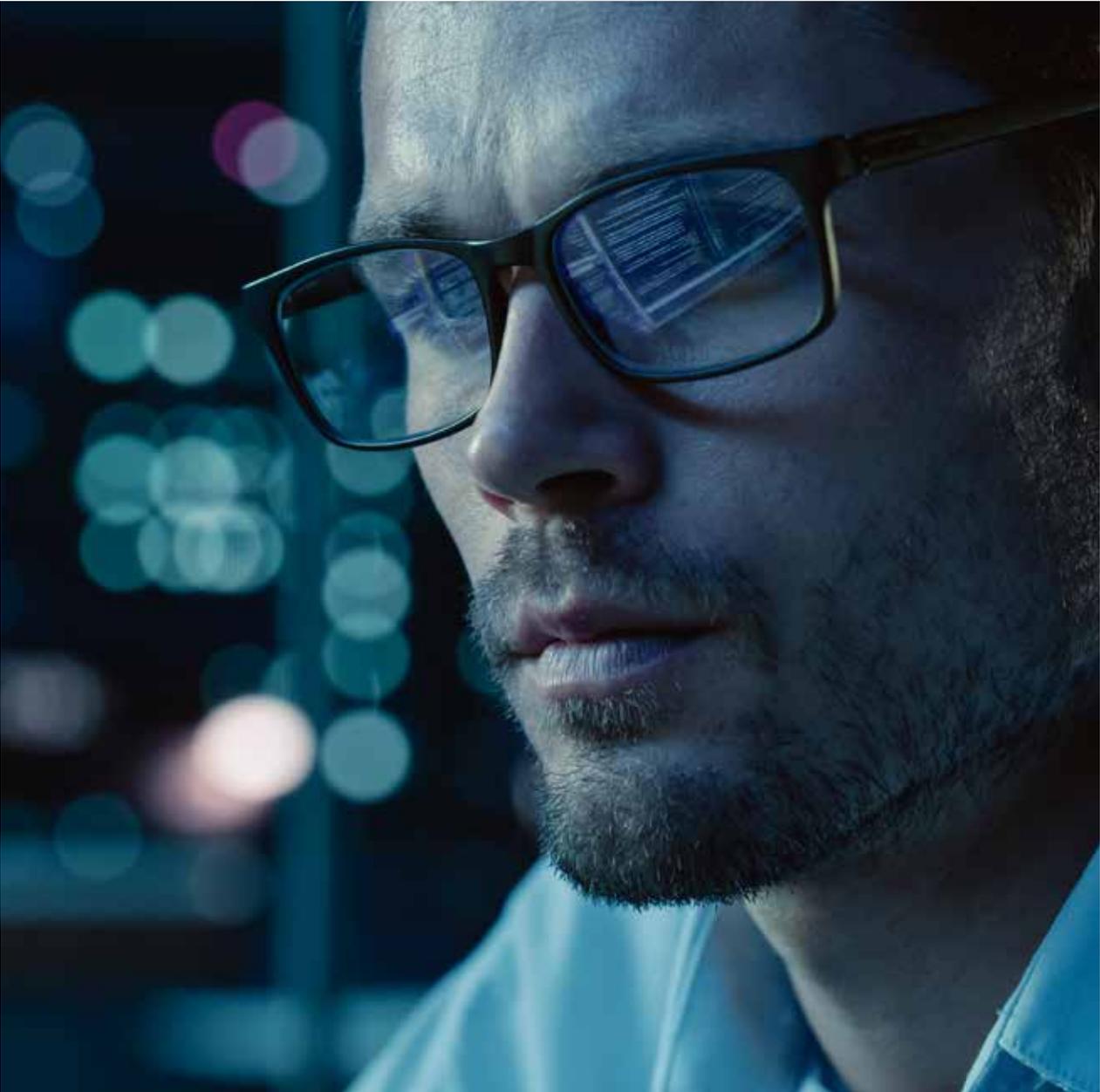
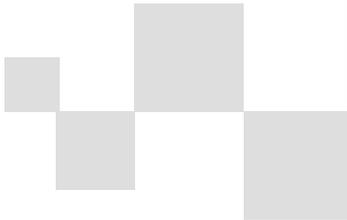
# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

## Step 4 – Data analysis and solution development



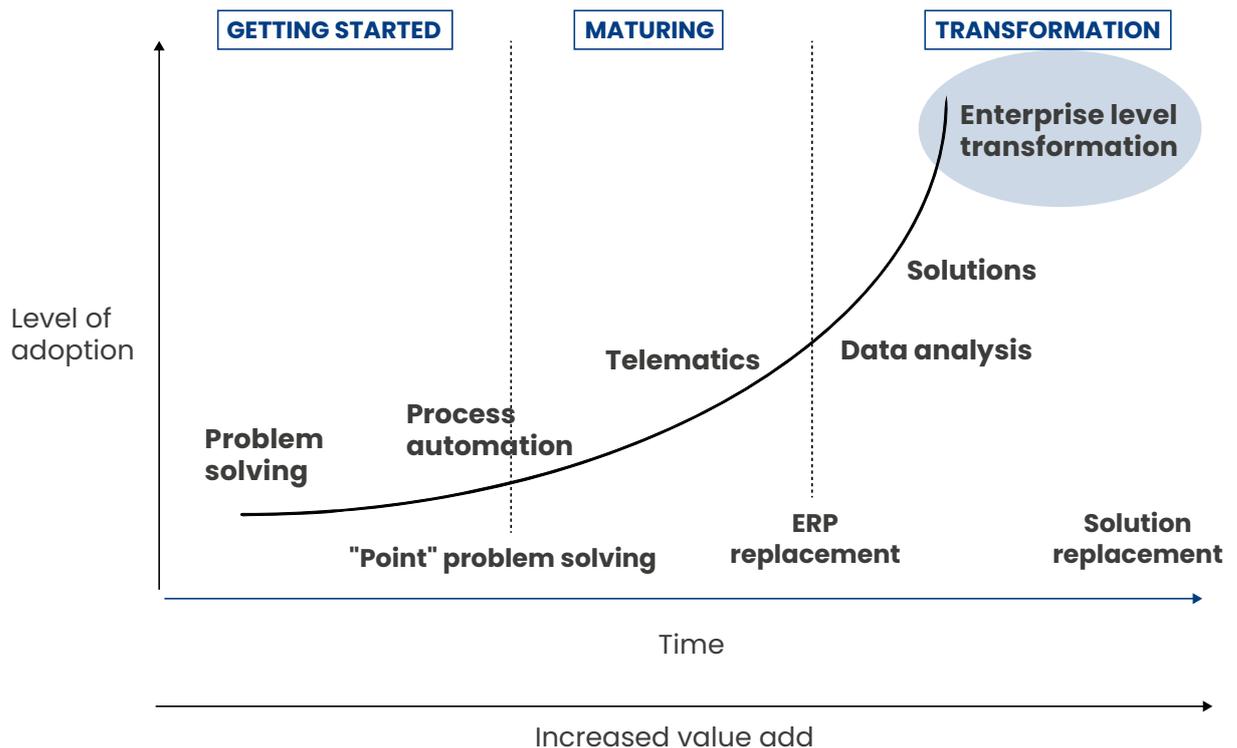
The next step for the rental company is to move into data analysis. Telematics provides a vast amount of data, typically ending up in a rental company data lake which can then be analysed to start to transform the business, in areas such as management of end of life, how usage effects the product lifecycle, when to avoid issues with the machines by early disposal and active company wide fleet management data to drive purchasing decisions and fleet mix. These are just a few examples of how data can improve decision making.

This data allows for further benefits particularly in the area of maintenance and repair, moving to proactive and targeted maintenance based on actual machine condition. Additional services, such as a proactive fuelling service can be easily offered to customers at this stage of the companies digitalisation journey.



# DIGITALISATION AS A FORCE FOR BUSINESS TRANSFORMATION

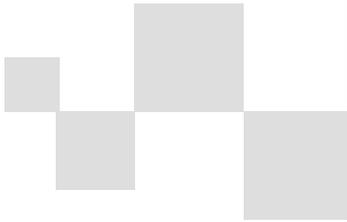
## Step 5 – Business model transformation



The final step is to review the complete business model, this is a new area for the industry and will be examined in the future section of this report.

But examples of how industry leaders are looking at the future include:

- > If you have data on machine location, condition and status, you can ask questions such as can we reduce depots and move assets directly from one customer site to another?
- > Data will enable us to understand the position of a construction project in its lifecycle so we can pre-position assets on site ready for the next stage of construction activity
- > Data on work flow, activity levels and even material movement around a construction site can be analysed and consultancy services provided to customers



# RENTAL COMPANY DIGITALISATION IN PRACTICE

A case study of the journey taken by rental company digitalising their operations:

## 1. INITIAL STEP FOR DIGITALISATION

– administration, process efficiency and effectiveness, digitalisation of core rental process:

- > **Paperless contracting** – customer acquisition, customer financial evaluation, contracting, extension of contract, delivery notes
- > Next step was **credit checking** to avoid bad debts, thefts – like bank risks system – automatic
- > **Monitors customers once in contract** - 40% of enquiries rejected for credit

## 2. NEXT STEP WAS ACQUIRING INTELLIGENCE DATA

– to reduce financial burden – in 17 years never had stolen unrecovered equipment (crisis management during financial crash)

## 3. NEEDED TO INSTALL TELEMATICS FOR THIS STEP ONWARDS

– initially equipped to handle high theft risk, then hours, position and usage

## 4. DYNAMIC PRICING

– floating pricing, same approach as hotel / flights – average rental price increased 33% - human decision replaced with database decision – profitability optimisation

## 5. ENABLING SALESMAN TO IDENTIFY AVAILABLE MACHINE, AND GENERATE PRICE FOR THAT CUSTOMER FOR THE AVAILABLE MACHINE

- > If customer rents online fixed price, if speak to salesman get deal suggested by computer, but final decision rests with the salesman – floating quotation
- > If you sign contract for minimum turnover then you can achieve fixed deals with a maximum rental price

## 6. DAILY PUSH MESSAGE TO ALL SALES PEOPLE

- availability and medium spot price plus min price
- > **System records all data throughout the sales process** – deals put to customer and chat room recording delivers effective holiday / sickness cover for sales staff

## 7. CENTRALISED SERVICE DASHBOARD, COMPLETELY PAPERLESS, MANAGED IN SMARTPHONE.

Machine needs repair – job allocated or freedom to take job (like uber) time recording, activity recorded (fleet equipped with telematics) pictures of jobs – drivers picking up and delivering machines – deliver machines in digital format – no handwritten notes, all paperwork digitalised via app – delivery / mechanic in house or outsourced – everything instantaneous – needed enhanced GPS which enables complete GPS data to upload into their systems via an interface they developed with a specialist telematics provider, this enables data from different equipment suppliers to flow freely into their own systems

- > Now manage by exception, create rules and if equipment outside rules it triggers an intervention
- > Example planning of machine maintenance – system measures usage at machine and suggests when maintenance should be undertaken – integration of different systems enabled automated systems / processes such as maintenance
- > Schedules service, allocates engineer, triggers dispatch of service kit / spare parts direct to site
- > All invoices processed automatically with suppliers and maintenance app automatically enquires for a part, places the order and tracks delivery
- > Other rules would be battery disconnected on machine not being worked on by a mechanic triggers a theft alert

## 8. DIGITAL TRACKING OF KEY DOCUMENTS IN THE PROCESS TO ELIMINATE ANY QUESTIONS AS TO WHETHER INVOICE RECEIVED, ETC., BY CUSTOMER

– digitised document delivery and recording (same as UPS / TNT, etc.)

## 9. ONCE TELEMATICS LINKED TO SYSTEM, CAN MOVE TO PAY PER USE RENTAL FROM DAILY RENTAL, ESPECIALLY FOR CONTRACTS WITH LOW USAGE

now for example on generator you can pay a flat fee for having the generator on site and a larger pay per use fee when you use it. Or you buy a low level of hours pre paid and then pay extra when and if you go over pre paid hours (like

# RENTAL COMPANY DIGITALISATION IN PRACTICE

A case study of the journey taken by rental company digitalising their operations:

a rental car with 100km per day included in rental fee) initially rolled out with generators, access platforms, lighting towers, transport cost so high (as a % of total cost) makes sense to have low on site fee and higher fee for use

## 10. INTEGRATED ALL ASSETS ONTO SYSTEM

including non powered assets without GPS such as scaffolding

## 11. NEXT STEP WAS ALIGNING DIFFERENT LAYERS WITHIN THE ORGANISATION,

up until now people not in the system for example sales linked to other functions such as accounting, back office, maintenance, etc.

## 12. MADE SALES APP TO ENABLE THE SALES STAFF TO DO JOB FROM ANYWHERE

– access to assets, all contracts, can set up back office tasks, can take pictures on site – post to social media for marketing, integrated negotiation programme, objectives, chat history, QR code scanner for any asset on site. Tools for heat calculation, also time keeping drives payroll, automatically allocates leads to sales staff (pre qualified with full info) plus information on local authority approved work sites, so you can identify work permit authorisation for new buildings to generate leads for sales staff

## 13. SHOWS NUMBER OF VISITS, NUMBER OF CUSTOMERS, ACTIVE CONTRACTS, SALES STAFF TRIPS / LOCATION, ETC.,

so automated sales management reporting, integrated with accounting to access financial information such as spend / debts, etc.

## 14. NEXT STEP WAS TO MONETISE DATA IN DIFFERENT SYSTEMS VIA DATA ANALYTICS TO IDENTIFY TRENDS

such as is a customer paying current market price, level of damage, % of revenue on transport, how does customer react when receives a damage invoice, which type of customer has

most damages, etc., – can use to choose which customers are best for you (similar to insurance underwriting where insurance companies offer best deal to ideal customer, and decline to cover other type of customer) system creates a customer master data record – every piece of data related to that customer.

### 15. ALSO INCLUDED TRACKING EXTERNAL FACTORS

such as temperature and rain, if it rains you will lose 15-25% of sales volume in a depot, therefore you can predict revenue based on weather

### 16. FOR CUSTOMER THEY GET CONTRACT DATA AND TRANSPARENCY ON THEIR FLEET, ACCIDENTS, DAMAGE REPORTS, ETC.

- rental history and service standards provided by rental company – basic contract management (but not customer analytics)

- > **Example:** Customer had a damage invoice for €3k and then his order volume dropped from €50k spend per month to €15k per month!
- > So you can suggest you will waive damage invoice if you commit to train all your staff for a day, stops future damage and generates additional training revenue
- > Can interrogate operator errors when they are using the machine and propose training to customer –

enhance productivity and safety and lower damage costs

### 17. THEY ARE NOW LOOKING AT FUTURE BUSINESS MODELS UNDERPINNED BY DATA AND MARKET KNOWLEDGE

# RENTAL COMPANY DIGITALISATION – ORGANISING FOR DIGITALISATION

## ORGANISATION

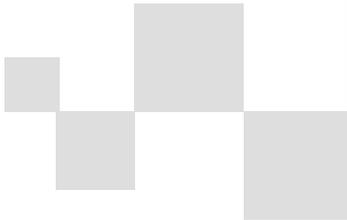
The key learnings from the interviews revolved around treating digitalisation like any other change programme or project in the business:

- > **Involve the business**
- > **Ensure operational ownership**
- > **It's business transformation,** not an IT project
- > **Focus on benefits** – cost reduction, efficiency and effectiveness, customer experience
- > **Ensure clear benefits case for digitalisation** (works for process digitalisation)
  - > For data analysis, a different message – once you have collected the data, analysis will show a raft of opportunities and potential you had not realised existed
- > **Don't automate for the sake of automation**
- > **Don't over estimate the speed of customers adopting digital solutions,** the most successful transformations migrated customers (and staff) onto automated platforms over

time with a personal human wrap around the automation until the customers were comfortable in managing rental fully digitally

- > The most successful customer sales platforms use multi channel engagement rather than pure digital, digital generates interest, deal is secured by telephone or in depot at the sales counter
- > Pure digital offerings have struggled
- > Successful digitalisation implementations (with customers) include a migration strategy from traditional to digital and support for the customer through the journey – training, hand holding, etc.
- > Understand **digitalisation is a transformational journey for the business** (see page 48)





“ Digitalisation is just a tool that enhances the power of human relationships



# RENTAL COMPANY DIGITALISATION – DIGITALISATION IS A CHANGE MANAGEMENT PROCESS

Implementing digitalisation is a change management process and should be approached as such.

Digitalisation can be either adaptive or transformational change:

> **ADAPTIVE** changes are small, gradual, iterative changes that an organisation undertakes to evolve its products, processes, workflows, and strategies over time. Digitalising maintenance tasks is an example of an adaptive change.

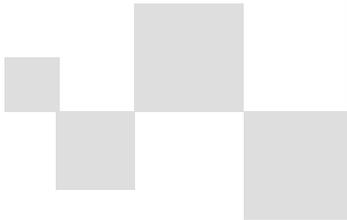
> **TRANSFORMATIONAL** changes are larger in scale and scope and often signify a dramatic and, occasionally sudden, departure from the status quo. Launching an end to end digitalised customer service portal would be an example of transformational change.

Change management is the process of guiding organisational change to fruition, from the earliest stages of conception and preparation, through implementation and, finally, to resolution. An effective management strategy is crucial to ensure businesses successfully transition and adapt to any changes that may occur.

Approximately 50 percent of all organisational change initiatives are unsuccessful, highlighting why and knowing how to plan for, coordinate, and carry out change is critical for success.

While no two change initiatives are the same, they typically follow a similar process. To effectively manage change, managers and business leaders must thoroughly understand the steps involved, and ask themselves the following questions:

- > Do you understand the forces making change necessary?
- > Do you have a plan?
- > How will you communicate?
- > Have you identified potential roadblocks and do you have mitigation strategies in place?



# 5 STEPS IN THE CHANGE MANAGEMENT PROCESS:

To maximise the chance of success, organisations should follow a five step plan:

## 1. PREPARE THE ORGANISATION FOR CHANGE

For an organisation to successfully pursue and implement change, it must be prepared both logistically and culturally. Before delving into logistics, cultural preparation must first take place to achieve the best business outcome. In the preparation phase, the manager is focused on helping employees recognise and understand the need for change. They raise awareness of the various challenges or problems facing the organisation that are acting as forces of change and generating dissatisfaction with the status quo. Gaining this initial buy-in from employees who will help implement the change can remove friction and resistance later on.

## 2. CRAFT A VISION AND PLAN FOR CHANGE

Once the organisation is ready to embrace change, managers must develop a thorough and realistic plan for bringing it about. The plan should detail:

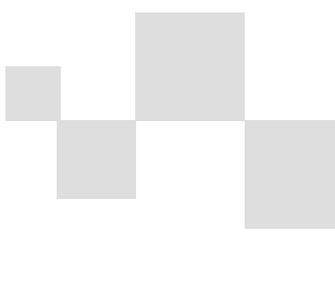
- > Strategic goals: What goals does this change help the organisation work towards?
- > Key performance indicators: How will success be measured? What metrics need to be moved? What's the baseline for how things currently stand?
- > Project stakeholders and team: Who will oversee the task of implementing change? Who needs to sign off at each critical stage? Who will be responsible for implementation?
- > Project scope: What discrete steps and actions will the project include? What falls outside of the project scope?

While it's important to have a structured approach, the plan should also account for any unknowns or roadblocks that could arise during the implementation process and would require agility and flexibility to overcome.

## 3. IMPLEMENT THE CHANGES

After the plan has been created, all that remains is to follow the steps outlined within it to implement the required change. Whether that involves changes to the company's structure, strategy, systems, processes, employee behaviors, or other aspects will depend on the specifics of the initiative.

During the implementation process, change managers must be focused on empowering their employees to take the necessary steps to achieve the goals of the initiative and celebrate any short-



term wins. They should also do their best to anticipate roadblocks and prevent, remove, or mitigate them once identified. Repeated communication of the organisation's vision is critical throughout the implementation process to remind team members why change is being pursued.

#### **4. EMBED CHANGES WITHIN COMPANY CULTURE AND PRACTICES**

Once the change initiative has been completed, change managers must prevent a reversion to the prior state or status quo. This is particularly important for organisational change related to business processes such as workflows, culture and strategy formulation. Without an adequate plan, employees may backslide into the "old way" of doing

things, particularly during the transition period. By embedding changes within the company's culture and practices, it becomes more difficult for backsliding to occur. New organisational structures, controls and reward systems should all be considered as tools to help change stick.

#### **5. REVIEW PROGRESS AND ANALYSE RESULTS**

Just because a change initiative is complete doesn't mean it was successful. Conducting an analysis and review, or a "project post mortem," can help business leaders understand whether a change initiative was a success, failure or mixed result. It can also offer valuable insights and lessons that can be leveraged in future change efforts.

# DIGITALISATION – KEY PERFORMANCE INDICATORS

The key learnings from the interviews indicated that digitalisation involved very few new key performance indicators (KPIs) in the business, rather it was about applying existing KPIs to the digitalisation project.

## KEY BUSINESS KPIs USED TO MEASURE THE SUCCESS OF TELEMATICS TRANSFORMATION:

- > **Asset utilisation** – out on rent, use when on rent, financial return when on rent
- > **Rental turnaround time**
- > **Revenue leakage / stand down**
- > **Share of contracts with discount**
- > **Discount rate**
- > **Expenses per machine**
- > **Open contracts / contracts ongoing**
- > **Machine work hours**
- > **Amount of eliminated cost of non conformance**, reduced cost of conformance, amount of eliminated waste
- > **Winning big projects** because of “added value” of extras provided by new enablers like customer data and information
- > **Workshop KPIs** – asset availability, safety record, breakdowns

## KPIs RELATING ESPECIALLY TO DIGITALISATION INCLUDED:

### FOR E-COMMERCE

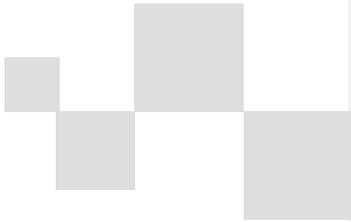
- > **Share of the volume and share of revenue** going through the platform
- > **Revenue from the website** (versus other channels)
- > **For project by project:**
  - > Share of invoices processed digitally, broken down by large accounts and small accounts
  - > Share of invoices sent by EDI

### TELEMATICS

- > **How much telematics data used by customers**
- > **How much invoiced via telematics**

### FOR DIGITAL PLATFORMS

- > Number of active users – increasing users
- > How many orders – increasing orders
- > How many leads







**05**

**The future**

# THE FUTURE IS ALREADY HERE IN OTHER COMPARABLE INDUSTRIES:

Fully digitalised businesses have been launched in other comparable industries such as asset sharing clubs (Zip Car), fully digitalised taxi services (Uber) and hybrid models (Grab) creating global businesses at scale within a small number of years – Zipcar, within 16 years, 1 million members and offers 10,000 vehicles across 500 cities in 9 countries – Uber, within 14 years with a valuation of more than \$70bn, 122 million active monthly users and generates an average of 21million hires a day, plus new business models enabled by digitalisation such as Grab, which within 8 years has 5m driver partners, 2m merchant partners and in excess of 3.5m daily rides.

These digital models are directly applicable to the equipment rental industry and provide a vision of how the future could look within equipment rental.

DIGITALISATION – TRANSFORMING THE EQUIPMENT RENTAL INDUSTRY

## HOW HAS DIGITALISATION AFFECTED OTHER ASSET RENTAL INDUSTRIES?

New business models such as asset sharing clubs e.g. "ZipCar" and peer to peer asset rental platforms such as "hiyacar" provide an insight into how different asset rental sectors are developing business models based on digitalisation. Zipcar was founded in 2000 and by 2016 it had 1 million members and offers 10,000 vehicles across 500 cities in 9 countries.



DIGITALISATION – TRANSFORMING THE EQUIPMENT RENTAL INDUSTRY



DIGITALISATION – TRANSFORMING THE EQUIPMENT RENTAL INDUSTRY

### ZIPCAR: IN A ZIP

 <b>Car Sharing Service</b>	 <b>Started in 1999</b>	 <b>Expanded to 21 cities in 2004</b>
 <b>400 cars in 2004</b>	 <b>30000 Registered Members</b>	 <b>Tie Ups with Universities</b>

DIGITALISATION – TRANSFORMING THE EQUIPMENT RENTAL INDUSTRY

### COMPARISON WITH CAR RENTAL

<u>Car Rental</u>	<u>Zipcar</u>
Daily Rate: \$43.00 (No hourly options)	Daily Rate: \$60.00 (Or by the hour for \$8.50)
Gas Charges: \$10.00	Gas: \$0
Insurance Waiver: \$21.95	Insurance: \$0
21-25 Age Surcharge: \$30.50	21-25 Age Surcharge: \$0
Parking: \$8.00	Parking: \$0
Additional Fees: \$4.00	Total= \$60.00
<b>Total: \$86.95</b>	

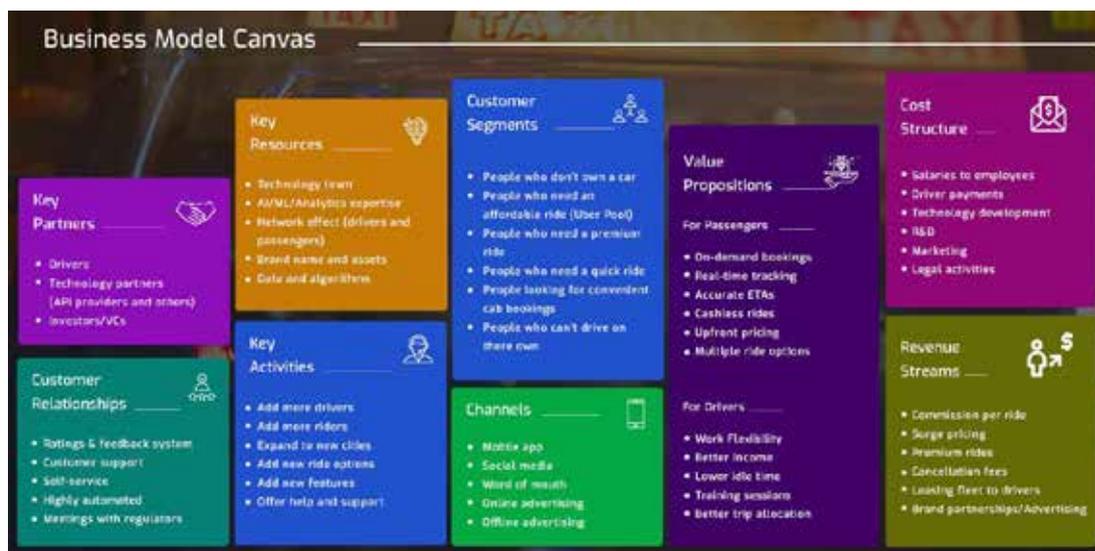
You Save \$26/Day

## HOW HAS DIGITALISATION ENABLED NEW DELIVERY MODELS?

### Uber

- > Uber uses digitalisation to transform customer engagement to deliver transportation
- > The business started in Paris in 2008 when the founders couldn't hail a cab and wondered if consumers could use their smartphones to source a taxi ride

- > By 2022, Uber was rated as one of the most valuable start-ups in the world with a valuation of more than \$70bn, 122 million active monthly users and generates an average of 21 million hires a day



8

9

85

## AND IN TURN DIGITALISED DELIVERY MODELS ENABLE EXPANSION ACROSS DIFFERENT INDUSTRY SEGMENT BOUNDARIES

### Grab

- > Grab generates revenue for its asset owners via its digital platform – similar to Uber
- > They provide finance to purchase assets, underpinned by the revenue they provide to their drivers

- > They provide services such as insurance, payment platforms and logistics
- > They create and run and monetise an economic network linking asset owners (drivers) with consumers via service providers (food outlets such as restaurants) monetising every step in the chain
- > Founded in 2012, by 2020 Grab had 5m driver partners, 2m merchant partners and in excess of 3.5m daily rides



10

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# THE FUTURE IS ALREADY HAPPENING NOW – THE ASSET RENTAL MARKET IS ALREADY TRANSFORMING INTO ASSET RENTAL AND SERVICE PROVISION DRIVEN BY CUSTOMER DEMAND, REGULATION AND SUPPLIER PUSH



- > Major construction companies are looking to **transform the efficiency and effectiveness** of the construction industry
- > Data will enable them to **achieve this goal**
- > **Rental is a key mechanism in providing data**, and also developing asset rental into consultancy services



- > **Sustainability is a megatrend and rental is inherently sustainable** (through circularity)
- > **Data provision** (from assets) to calculate environmental impact will become increasingly important
- > Rental companies will need to **provide digitally enabled assets** and calculate the environmental impact for their clients



- > Asset manufacturers are providing digitally enabled assets and also **COTS digitalisation solutions** as they want to develop into providing data enabled services as an ongoing revenue stream

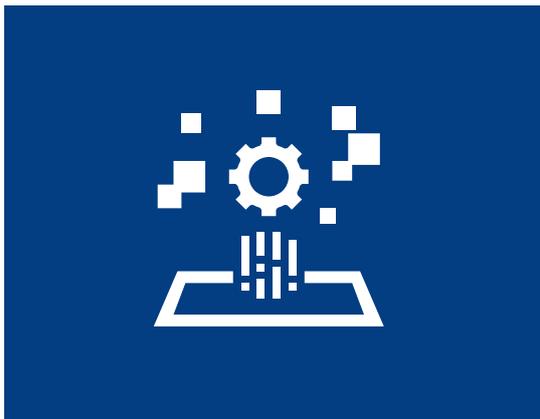


- /Administration
- /Human Resources
- /Legal
- /Accounting
- /Finance
- /Marketing
- /Publicity

- /Production
- /Business
- /Medical
- /Development
- /Engineering
- /Manufacturing
- /Shipping

# RENTAL COMPANIES BOTH VIRTUAL AND TRADITIONAL ARE DEVELOPING NEW APPROACHES TO RENTAL AND SHAPING THE WAY THE MARKET IS DEVELOPING

## PLATFORMS



- > Digital pure play solutions have been struggling to gain ground, however, **hybrid solutions** which combine multi channel (digital, phone, depot) have been gaining ground
- > We expect that as the market matures, **platform rental agencies** will carve out an increasingly important place in the market
- > The view formed during the research process for this report is that **large rental companies with a market leading digitally enabled offer and digital enabled propositions**, will continue to dominate the major customer segment, platforms will take share from large rental companies in the mid and craftsmen segments and also take share from SME companies in the craftsmen and mid market segments

## TRADITIONAL RENTAL COMPANIES



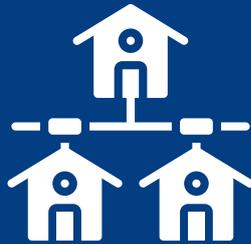
- > SMEs will need to develop a clear survival and growth strategy, based on specialisation, geographical strength and personalised service, and consider how they can **compete in a digital world** either through a carefully considered strategy of working with platforms or building solutions utilising COTS software
- > **Digital leaders in the rental industry are developing digital solutions** in the areas of:
  - > Sustainability reporting
  - > Usage based pricing
  - > Subscribe to a complete service including fuelling, data, consultancy, site logistics and materials movement as well as equipment rental

## SERVICES SUCH AS INSURANCE



- > Digitalisation is forecast to change the game in areas such as insurance due to **better risk assessment and asset access control** – only allowing trained and approved asset users
- > **Digitalisation is transforming health and safety, compliance and environmental compliance and performance**
- > **Credit control** based on more accurate profiling of customers, leading to differential pricing for the more attractive rental customer

## DEPOT NETWORK



- > **Rental companies are using their digital solutions to take over and manage all assets on the site**, their own and the customers
- > **Rental companies are experimenting with reducing their depot network** (renting from on site asset stores) and direct from one customer to another, the industry expects to see the greater development of:
  - > Assets kept on site
  - > Creation of equipment pools
  - > Large depots become warehouses / second line maintenance and refurbishment

## ASSET FLEET MANAGEMENT



- > Telematics track development of the work site and assets placed on site in advance, ready for the next phase of construction



The background is a dark blue gradient with a glowing grid pattern. A large, stylized letter 'D' is formed by a grid of squares, with a diagonal line running from the top-left to the bottom-right. The grid is composed of small squares, and the overall effect is a digital or technological aesthetic.

# **Digitalisation readiness checklist**

# DIGITALISATION READINESS CHECKLIST

Digitalisation readiness factor:	In place:			Report section
	Not yet	Partially	Fully	
<b>Strategy</b>				
Clear link between business strategy and digitalisation strategy (business strategy leads)				3
Digitalisation strategy matches customer drivers in target segments				1 & 3
Implementation strategy (in house, COTS, platform, hybrid) matches capabilities and resources in the business				3
Understanding the impact of digitalisation on your business mix, profitability, and ability to service non platform customers				1
If relying on platform partnership for your delivery strategy, do you have a plan for what happens if the platform arrangement goes sour				3
<b>Digitalisation delivery strategy</b>				
Does the digitalisation delivery strategy – inhouse, COTS, platform, hybrid - match your strategy in terms of budgeting, “ownership” of customers, capabilities and likely development of digitalisation within your business over time?				3
Does your IT delivery strategy and in particular budgeting over time, considered a transformation journey that is likely to include ERP replacement, telematics roll out and data analysis?				4
Do you have the skills and capabilities required to deliver your digitalisation delivery strategy and journey over time, or you have a plan to address any skills and capability gaps?				4
<b>Organisation of your digitalisation effort</b>				
Is the business (relevant functions, operations, sales etc) involved and leading the strategy development and decision making for digital transformation?				4
Are you running the digital transformation project as a business transformation project and not just an IT project?				4
Do you have a clear business case for the digitalisation transformation?				4
Have you aligned the tracking of benefits and results with business KPIs				4
<b>Process digitalisation</b>				
Do you have a strategy to bring your staff along with you, and manage change and business transformation as you digitalise your business processes?				4
Does your business process digitalisation strategy cover integration with operational aspects such as sales management, credit control, HR, QHSE?				4
Does your process digitalisation strategy consider if, and when, you will need to update your ERP system?				4

Digitalisation readiness factor:	In place:			Report section
	Not yet	Partially	Fully	
<b>Telematics implementation / data strategy</b>				
Do you have a telematics implementation strategy – which assets, linkage to business processes and how to talk to different telematics solutions?				4
Does your digitalisation strategy cover creation of a data lake / warehouse, analysis of data and development of new services and solutions?				4 & 5
Does your digitalisation strategy cover the use of data to transform your business model in areas such as commercial offers, service delivery (depots) asset / fleet management etc?				4 & 5
<b>Go to market / customer engagement</b>				
Does your digitalisation strategy align with the different needs of different customer segments				1
Have you engaged your digitalisation strategy to empower and transform your sales organisation (see implementation case study)				4
Does your sales front end still allow for traditional (phone and in depot and sales staff engagement) as well as digital engagement (Multi channel engagement)				4
Have you developed the customer journey and support you provide to educate and migrate customers onto digital platforms from traditional servicing				4
<b>Asset management</b>				
Does your digitalisation strategy enable efficient and effective fleet management via data analysis and effective forecasting				2 & 4
Does your digitalisation strategy provide data which will inform and drive your procurement decision making				2 & 4
Does your digitalisation strategy deliver increased fleet availability via effective and efficient fleet maintenance				2 & 4
Does your digitalisation strategy use data analysis to drive asset disposal				2 & 4
<b>Proposition development</b>				
Does your digitalisation strategy cover how you will reach and engage target market segments and drive customer acquisition				1,2 & 4
Does your digitalisation strategy cover how you will drive customer retention and lock customers in				1,2 & 4
Does your digitalisation strategy cover how you will develop added value services and propositions and develop additional revenue streams for your business				1,2 & 4
<b>Business model development</b>				
Does the digitalisation strategy go beyond customer engagement and sales, process transformation and solution development and create a vision of how the business can transform to capitalise on data and customer and market understanding				5
Does the business strategy include scenario's for how competitors may transform their business through digitalisation and how your business will respond				3,4 & 5
Does your digitalisation strategy align with the strategies of key customer segments and how digitalisation can support and enable your customers strategic development				1,2 & 4