6 Ways in Which Technology Has Digitally Transformed the Rental Industry

Introduction: Evolution of the rental industry—Past, present, and the future

Why Rental?

In the past, individuals and companies requiring a piece of machinery, equipment, or vehicle would always opt for outright purchase. Which would mean a huge investment and responsibility for the related service, maintenance, and spare parts on one side and the advantage of the tax write-off due to depreciation.

However, in recent times, the trend has moved to rent equipment rather than outright purchase due to the many advantages this option offers. These include avoiding the prohibitive cost of procurement, investment in upkeep, service, and maintenance, and the need to upgrade frequently due to advances in technology. The trend for servitization rather than an outright sale of equipment adds to the demand of the rental sector.

According to the ARA Rental Market Monitor, which features data and analysis from IHS Markit, a leading business information provider, construction/industrial equipment rental revenue in the U.S. is expected to show a 4.3 percent increase in 2018, 4.5 percent in 2019, 4 percent in 2020 and 3.4 percent in 2021 to reach $40.5 billion.

General tool is expected to post increases of 4.7 percent in 2018, 5.9 percent in 2019, 7.8 percent in 202 and 6.7 percent in 2021 to total $15.1 billion, while party and event is forecasted to show a 6.5 percent increase in 2018, 6.1 percent in 2019, 6 percent in 2020 and 5.6 percent in 2021 to reach $4 billion.

How has the rental sector changed?

The rental sector and the major players have gone through a huge transformation in the last few years in conjunction with the changes in the way customers' demands are evolving.

Equipment rental companies have their ear to the ground on the evolving equipment demands. They have started focusing on quality equipment with the addition of services like transportation and service. In many instances, they also have qualified personnel to operate the machinery as part of the deal. Transportation and logistics have become more organized with the use of GPS and mobility devices. The rental companies have assets to rent out that help clients meet and comply with changing EPA emission standards and other regulatory requirements. Rental companies now offer more options not only in terms of the equipment being rented out but also in terms of the lease offerings. These changes have enabled both large and smaller companies to have access to the latest equipment without having to increase their capital expenditure. The addition of omnichannel touchpoints enable the customers to have more options. What is more, in today's competitive world, gaining and retaining customer loyalty is a challenge that rental companies face. Which is why, many rental companies are turning to technology to differentiate the support and service they provide.

What changed the rental sector?

Technology was the game changer when it came to the rental industry. It helps organize, communicate, manage, secure, and customer-oriented. Technology in the form of ERP systems has enabled the rental industry to focus on customer needs by ensuring that operations and back end systems are streamlined. Not only was there digitalization in the IT landscape but even equipment has become digital. Let us take a look at the role technology has played in the digital transformation of the rental industry.

The six ways in which technology has impacted the rental industry:

Operations

Logistics

Cloud

Mobility

IoT

Analytics
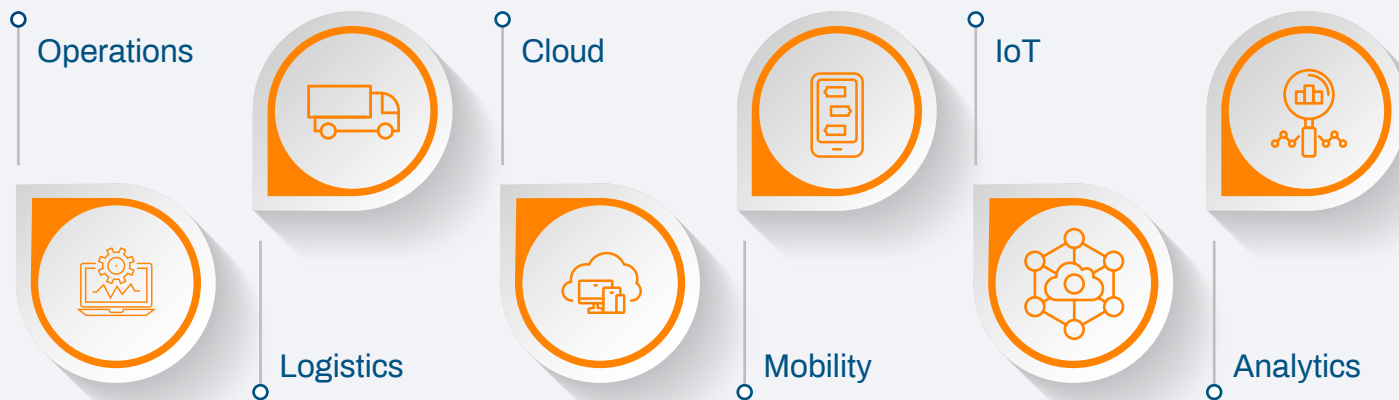
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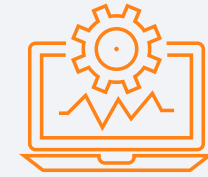
To help you improve the performance and earnings of your equipment.

Overview of assets

➤ Today there are equipment rental solutions available that allow the rental company to have an overview of assets at one glance. Therefore, they can plan better, forecast better, and deliver their assets on time. Not only planning but also the creation of new product offerings and customer satisfaction is dependent on having an updated overview of assets at any given point of time.

Repair and maintenance

➤ Keeping the assets in good condition and it becomes imperative that the time taken towards repairs (when required) and maintenance (periodically) does not affect the usage and availability of the asset. With the help of technology, equipment rental companies can undertake predictive and preventive maintenance and ensure that assets are available on time and downtime due to such issues are reduced.

Spare parts inventory

➤ Spare parts and the maintenance of an inventory of components is another area of operations that have benefited from the advent of technology. The rental outfit can easily analyze the most commonly needed spare parts and consumables and optimize their inventory. This way they can reduce the need to carry excess inventory and the associated costs while ensuring that they do have the parts that are required.

Logistics

To save on transportation costs reduce loss of time, and improve the delivery times.

Best routes to send equipment

➤ With specialized pieces of machinery, there is a likelihood that the requirements from customers can pose an operational challenge. The use of a good equipment rental solution allows the company to plot the best routes to send equipment. This comes in very handy when the equipment is delicate and needs to be protected from the hazards of bad routes.

Planning for drivers and operators

➤ When it comes to complex equipment, it is not only important to plan the routes for drivers but also the movement of specialist operators as they are often part of the deal. Rental companies have to make complex arrangement for the movement of operators and drivers to ensure that they are not incurring additional expenses. An overview of the equipment locations and the rental schedules can help with this aspect of planning.

Time and delivery schedule

➤ Apart from the actual asset, the best route, the drivers, and operators, another aspect that must be included in the planning of rental asset delivery is the time of delivery. When you put all aspects together, you would realize a tool to plan all these aspects would be needed to ensure that you can deliver assets on a timely basis to diversely located clients. Technology can play a huge role in this aspect as well.

Cloud

Making it easy to install, access, and update without limitations that non-cloud-based technology could place.

Easy to install

➤ One of the pet peeves that people have about technology is that it can be too complicated to install and require a lot of time. However, today in the market you have rental solutions that not only offer the complete suite of features but are also easy to install. You do not need to resort to coding support but configure the system using your existing IT resources. And cloud computing also reduces your need to invest in complicated infrastructure.

Easy to update

➤ Technology is never static, and to that end, it needs to be updated frequently. This is another roadblock that many companies have when it comes to the use of technology to support a complex rental outfit. However, ERP solutions which are cloud-based make updates easy and quick while still ensuring security.

Convenience

➤ Cloud-based solutions offer the convenience of with easy-to-manage storage, secure transmission, and facilitates the easy and quick exchange of information among a diverse set of people. Aspects like this, help in better delivery of services to clients as they improve the overall convenience of operations.

Mobility

Creating the synergy of operational expertise and mobile access to meet the immediacy needs of customers.

Role-based access for security

➤ Mobile or mobility is another aspect that technology has brought about in most sectors. While mobile access was earlier view with a bit of apprehension in the earlier stages, in today's world, we cannot imagine any company operating without mobile access. One of the factors that helped companies overcome their apprehensions is the option to facilitate role-based security in mobility solutions.

Instant entries and updates

➤ Mobility addresses the need for immediacy, and in the rental industry it means that field staff can instantly enter and update information from the remotest of locations. As a result, the rental company can deliver services that are fast and correct without getting bogged in administrative hassles.

Device-agnostic to reduce costs

➤ Today, more and more companies are moving to mobile access to rental systems because mobile solutions are device-agnostic. Which means that the field staff can start using their device of choice requiring minimal additional investment. All this without compromising on quality or security.

IoT

Adding value to the existing equipment, improve chances of revenue generation, and reduce wastage.

Reduce misuse or overuse of assets

➤ IoT or internet of things is a relatively new and smart aspect to the use of technology in the equipment rental industry. The use of IoT enables rental equipment companies to track the usage of assets to ensure that they are not being misused or overly used. Both instances are a detriment to the overall functioning of the asset and could affect the life of the asset.

Know where your asset is at all times

➤ Often the equipment being rented out is very expensive and of a delicate nature. IoT enables the asset owner to keep tabs on where the asset is located at all times. This way it becomes easy to manage the usage and operational aspect of the assets being rented out.

Predictive and preventive maintenance

➤ IoT also helps measure the factors that indicate the health of the asset and this can be an input to be used for predictive and preventive maintenance. Maintenance and service sometimes have an immediacy that is not possible to predict especially when numerous assets are part of the operation, and IoT can help with this factor.

Analytics

To be updated on the pulse of the market trends, improve offerings accordingly, and maintain a competitive position.

Anticipate problems, decide on the next steps, and resolve them

➤ Data collected from the assets and the rental industry in general, can help rental companies develop insights. These insights can help rental companies decide on the next steps and resolve them before they become huge issues.

Digitally transform your rental business with the right insights

➤ No business is immune to technological advances and competition in the field. It is as important for rental businesses to have the right insights on time to digitally transform their business to meet the changing needs of customers ahead of the competition.

Streamline operations based on the insights you get from our reports

➤ Operations tend to be an aspect of rental companies that need to be always evolving in the right direction. For this to happen, you need the right insights from within your business systems as well as from external sources. Only then can you streamline operations to keep up with the changing needs.

Benefit from cross-industry best practices and financial insights

➤ Having the right intelligence of what your competitors in the industry are doing is very important. Collecting the right data to come up with intelligence and insights on the best practices followed by the competition can help you stay ahead and ensure that your business is thriving.

Conclusion

Equipment rental is a trend that has proven its worth in the market today where resources are scarce, but customer demand and competition is on the rise. Rental provides a prudent option for customers who want to still compete for a complex project but are shy about investing capital in assets.

With the rising demand for equipment rental, it becomes imperative for the industry to find a way to have more control on their assets, provide the right experience to customers, ensure timely delivery of quality assets, tailor the product to the requirement of customers, manage assets with ease, keep maintenance on track, and be clear on the ROI for each asset.

The rental industry while full of potential is also very complicated. The whole plethora of technologies, the complexities that are inherent in the operations, and the ever-changing trends makes it very challenging to be a part of this industry. The answer to all these requirements is a robust ERP solution that enables the rental business to manage the business from the start-to-finish cycle of the rental business.

About Columbus

Columbus is a global IT services and consulting company with more than 2,000 employees serving 5,000+ customers worldwide. Columbus helps ambitious companies transform, maximize and future-proof their business digitally. We are specialized within the industries retail, distribution, food and manufacturing. We offer a comprehensive solution portfolio with deep industry knowledge, extensive technology expertise and profound customer insight. Columbus has offices and partners all over the world and we can deliver our solutions and services locally – on a global scale.

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