

# **SAP White Paper**

## **SAP for Rental**



## **Empowering the Consumer and Maximizing Profits in Rental Industries**

**Addressing the fundamentals of rental with an eye on consumers**

**Written by:-**

**Ruben Khoilian, Solution Principal, Savantis Group**

**Copyright 2013 Savantis Group Inc. All rights reserved**

**No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of Savantis Group Inc. The information contained herein may be changed without prior notice.**

**This publication is provided by Savantis Group for informational purposes only, without representation and warranty of any kind, and Savantis Group shall not be liable for errors or omissions with respect to these materials. The only warranties for Savantis Group's products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting additional warranty.**

**Content**

- 1 Executive Summary .....4
- 2 Current Rental Market .....6
- 3 Needed Technology in Rental.....7
- 4 A new approach to Rental .....13
  - 4.1 Consumer Cycle..... 13
  - 4.2 Commercial Cycle ..... 14
- 5 Why Global Rental Management - RentON™? .....15

# **1 EXECUTIVE SUMMARY**

**As we have progressed in the recent years to using more tactical devices such as tablets, and smartphones, along improved internet speeds, the consumer has become empowered by these technologies to directing the sales process in procuring their products and services. Does not matter if it is for purchasing handbags, renting cars or signing up for a cruise, the consumer now controls and manages most of the sales process.**

**Also, the definition of the consumer has changed: it now encompasses commercial relationships, government, and internal customers into corporations. Regardless of the verbiage, the new consumer needs to have timely and complete data to be able to make informed decisions and purchases.**

**The rental market is not immune to these new trends. Traditionally, a follower of technology, the rental market finds itself on the cusp of a technological boundary where traditional store centric approaches are no longer the trend. The rental market needs software, not only to run the rental application but to grow and diversify, manage the enterprise, provide analytics, and most importantly to empower the consumer.**

**Today's rental software needs to provide the flexibility of change, the fluidity of variability, and the strength of fundamentals to support the evermore complexities of today's rental market.**

**At the same time, rental software must also serve to streamline the rental operation, contribute to other business units of the enterprise, and be able to minimize the cost of ownership and operations. The rental software is no longer a tool to capture data, but an integral part of the organization as much as the products that the company rents.**

**The new rental software should also be subject to innovation; improvements to continually add features and functions to support the dynamics of the rapidly changing rental market. Be it adding new features or changing existing**

**applications such as the tokenization for payment processing, the rental software must be the guiding light in all aspects of rental operations.**

**This white paper touches on the various aspects of the demand placed on the rental software in today's rental market. The rental market not only has to empower the consumer but manage costs toward profitability. The rental market is evermore seeking new avenues of generating revue and expanding their product base, which it cannot accomplish without an enterprise wide software application that can grow to new markets, applications, and trends.**

## **2 CURRENT RENTAL MARKET**

As we embrace new technologies at the speed of light, we reshape the way we view our customers, buying cycles, and preferences. There is no difference in the rental markets. In the past decades, the rental industry has concentrated its efforts on the ability to capture business from the companies' point of view. Similarly, the existing rental software has catered to the perfection of the rental operator's ability to manage the process of the rental from inquiry to closing of the rental agreements. As a result, the rental operation has taken center stage where the needs of the rental organization has been at the forefront of the rental process. The rental planners have done their best to provide products and services that they are able to service.

Once the customer information has been captured in the systems at hand, the rest of the rental operation shifted to a low-tech approach. The store operators, given minimum freedom, and customers with actually no freedom, complete the remaining aspects of the rental process. Since most operations have been store centric, the rental software has also evolved into store centric features with limited to no visibility to the enterprise.

Rental operations have traditionally been single tracked; such as, vehicle rental, event rental, or equipment rental. The rental markets have been segmented but concentrated around specific offering, thus molding the rental software to follow suit. The current rental software not only offers specialized rental systems but does so with limited total offering; such as, accounting, maintenance, services, assembly, or other needed technical tools to run the rental operation/company.

There has been a great shift in the rental markets as rental operations want to expand and grow outside of their traditional markets; for example, bundling rentals with training, packaging accessories and consumables with rentals, offering buyouts, credits, and loyalty programs to their customer. In order to do so, an enterprise with flexible rental software is needed to support the growth of the rental operations.

### **3 NEEDED TECHNOLOGY IN RENTAL**

The transformation of the rental market and technology goes hand in hand. In the markets of today and of the future, a rental organization not only needs to have access and utilize the latest in technological offerings, but also be able to streamline and manage the needs of the entire organization within one offering. The main reason for the above statement lies in the concept of comparative advantage. A rental organization is in the business of managing the rental offerings to its customer base instead of managing the technology, interfaces and multiple platforms of the software systems. There is a need for enterprise wide software that provides an end-to-end solution for rental, business, reporting and growth. Specially addressing growth, companies must rely more on software technology to fuel growth, evolve with markets, and minimize cost.

Today's successful rental software must form a tight bond with rental and organizational operations; be it to capture data, provide analytics, or manage all the financial needs of the organization. Today's rental software cannot put a limit on the capabilities of the organization, its growth plans, or its diversification. The rental software must also grow and evolve with the organization because, just like electricity that runs our lives, so does today's software run organizations. Without powerful software, that meets and exceeds the technology and process needs of the rental organization, the company will perish.

It is important to note that rental software should also be able to cater to the internal needs of an organization, as well as, the commercial offerings of products and services of a rental business. For instance, a corporation's internal IT department can utilize the rental software to allocate computing devices to its employees, essentially renting the equipment to cost centers. An acute cost allocation will allow the organization to better manage and distribute costs based on usage, rather than overhead general charges. A construction company can centrally manage the acquisition of equipment for mobilization. The construction company can then manage the utilization of said equipment affectively within the organization's projects, levitating the burden from the project itself.

**For the rental software to be successful it needs to be customer centric. The software should be able to be accessed and be available enterprise wide, it should be able to be scalable and self-contained. With the aid of the rental software, the customer needs to be empowered, informed, and catered. The rental organization needs to be managed, made cognizant, and streamlined. The rental software should be able to provide the major features and functions needed to be successful in today's and tomorrow's market:**

- **An enterprise wide application with multiple currencies and borderless.**
- **Ability to be completely virtual from inquiry to delivery.**
- **Allow for a diverse rental needs and incorporation of other services; such as, sales and events.**
- **Available on all user interfaces such as tablets, smartphones, and internet.**
- **Ability to utilize social media and garner loyalty.**
- **Able to utilize the latest offering in GPS, fuel management, GIS and RFID.**
- **Ability to provide flexibility to configure the services and equipment to the customer's needs.**
- **Ability to transport, install, monitor, and repair the equipment to and in the field.**
- **Ability to maintain customer information including cost data, personal data, group affiliation, contract pricing, contract services, and history.**
- **Provide analytics in market behavior, customer needs, and equipment utilization.**
- **Ability to have visibility and movability of equipment history and load.**
- **Ability to plan and manage customer demand.**
- **Ability to schedule in advance and on-demand.**
- **Ability to manage predictive and non-scheduled maintenance.**
- **Ability to ware manage equipment at hand.**
- **Ability to incorporate financials, managerial accounting, procurement, assembly, and distribution.**
- **Ability to monitor in-field measures.**
- **Ability to carry out single, periodic, and performance billing.**



- **Ability to manage static, contractual, and dynamic pricing.**

**Let's consider some of the key aspects of the capabilities needed in rental software in today's markets:**

**Innovation should be the center point of the new rental software. Innovation must serve the consumer and the rental organization alike. Innovations such as configurable rental equipment, where the customer can manage the needed configuration of the equipment he needs; such as, attachments to a loader or sub-systems on a hospital bed. Innovations, such as usage depreciation, utilized in internal reporting, is done not on the traditional depreciation of equipment but on disproportional depreciation against useful cycles.**

**Innovation does not end at the consumer or at the organization. Innovation also takes the entire supply chain into consideration. With integration to suppliers, the rental software should be able to provide on-site diagnostics, equipment planning, direct drop shipment from procure to rent and other efficiencies.**

**Pricing has taken a center stage, not by complexity but by flexibility, to the needs of the customer. It is no longer important to account for every second of billing, but rather the total revenue position of the equipment during its useful life. Dynamic pricing based on capacity, component pricing based on mileage, hours of operation and usage, are clear advances in pricing in the rental market. However, the new rental software must surpass these milestones. Pricing must be multi-dimensional; such as assignment of pricing components to the productivity of the equipment by the renter, packaging, time tolerances, and interval usage.**

**Configurable rental products and services are becoming industry norm. These configurable products contribute to a significant increase in rental revenue which traditionally have been left at the sidelines at best. Configurable rental products; such as hospital beds, that incorporate scales or vehicles that allow integrated satellite radio activation and toll processors, provide the consumers with a tangible selection that does not require any accommodations outside of the main rental units. Configurable rental products are also served by consumable**

components, which allow for said consumptions to be a significant revenue generator, as part of the overall rental agreement. Consumable components could be disposable applicators, liners, and one time use covers (human contact surfaces). The rental software must be able to support consumption, support packaging, and support accounting for usage of the consumable component.

A critical aspect of the new rental software lies in its ability to manage the preventive maintenance of the equipment and the non-scheduled maintenance when it occurs. When equipment is returned, the system should alert the operator that there is proximity of a preventive maintenance that is scheduled. Depending on the tolerances built into the system, the software should make a recommendation to move the equipment offline for maintenance or allow for a set period of rental. This is also true if the equipment is on a long term rental. Depending on the agreement, if the customer takes responsibility of the preventive maintenance such as in-field equipment, the customer should be alerted of the planned maintenance and recorded.

In the case of non-scheduled maintenance, be it in the field or as a result of damage sustained, the system should issue a work order for the maintenance to be completed; including full cost allocation of labor and parts. The system also needs to be able to assess the damages and bill the customer for the accrued cost.

Maintenance should be an integral part of the rental process, yet, it has traditionally been forsaken for additional rental revenue. However, if the equipment is returned to the manufacturer at the end of the agreed term, more manufactures insist on a regular preventive maintenance and documented history. The evidence of this can be shown in the automotive industry where preventive maintenance has always taken a back sit to revenue generation.

As part of the maintenance features provided by the rental software all assembly, reconfiguration and preparatory steps should also be managed through a work order, thus allowing the company to have full cost recognition for the work involved as a total cost of ownership of the rental equipment.

Another important feature in the rental software is the distinction of the rental tag number affixed to the equipment which readily identifies the equipment during scanning and processing. However, the tag number cannot be the permanent identifier of said equipment since no matter what the quality, the tags manage to fall off by ware. An internal secondary number, which permanently identifies the equipment, then tracks the rental history, maintenance, and general lifecycle.

Traditionally, reporting in the rental industry has been relegated to list reporting; such as rental usage, history and revenue. New rental software must not only provide list reporting at various levels of aggregation but provide analytics such as associative rental behavioral identification for location, weather and circumstance. In addition, associative rental analytics can provide valuable information about rental patterns, environmental influences, consumer confidence, purchasing plans and consumer demographics.

Furthermore, the user interface in the new rental software, the key empowerment toolset, has evolved to more than a website. In today's technology and social media environment of mobile applications and non-interactive data transmissions, the user interface has grown to encompass all facets of access by the consumer. The consumer should be able to access the company's available equipment, the equipment's specifications, customer reviews, schedules, alerts, and pricing information from the website, smartphones, tablets, in-store kiosks, operational boards, and in commercial cases; data transmissions. A customer should be able to view available equipment, read about their applications, watch tutorials, view disclaimers, safety checks, and other aspects of rental, including a total view of the entire inventory; regardless of location. The customer should be able to request the transfer of equipment to their location of choice, alter the drop off locations, request a delivery and/or pickup at the rental service, and input personal preferences. The user interface should also allow for the viewing of usage history, rental history, current rentals, pricing measures, and cost allocations to customer cost collectors (commercial applications).



## **4 A NEW APPROACH TO RENTAL**

We envision the future of the rental market to be a collaboration of the rental organization with the customer.

### **4.1 Consumer Cycle**

The following case illustrates the vision of collaboration between the rental market and the consumer. Jane the consumer would like to go skiing this weekend. Jane is a busy individual and would like to enjoy her weekend skiing and not spend all of her time in the ski shop. So Jane uses her tablet, or smartphone, and connects to her favorite ski rental shop. Jane would like to try snowboarding this weekend and looks up different snowboards, to see what is currently offered, reads the reviews, peruses the safety documentation, and decides to rent. The time-conscious Jane, makes an appointment to pick-up her equipment since she is making a last minute reservation. However, the rental shop can deliver Jane's equipment to her house or place of business. She selects a time when the shop is not busy, as the rental agreement provides flexibility for pickup in order to maximize the efficiency of the rental shop. Jane decides she would like to stop by to also pick up a new set of goggles with her rental and to try on new boots to snowboard, as she is not sure as to what size to rent. The rental shop receives Jane's order, and through her input, determines the best equipment to meet Jane's needs. The equipment is prepped and packaged, and is ready for pickup. Jane comes to the store and checks in at the Kiosk. She is then directed to the boot section to try on several pairs to find the best size for her. A client board (operations display board) and a text message, informs her that her equipment is ready. Jane easily picks up the equipment, and is now ready to enjoy her weekend snowboarding. On Jane's way back from her weekend of fun, she decides to visit her sister. Jane simply drops off her skis at the nearest shop, where RFID enable equipment is checked in automatically and an email sent to her as a receipt. Jane is thrilled and satisfied, since she spent the least amount of time in the rental shop yet received the maximum benefit for her time and money.

However, the rental shop is also benefiting from Jane's transaction. The shop can load balance their day, inventory and people to meet their customer's needs. Jane will do most of the work, and rental shop will be able to prepare her equipment without having Jane wait unnecessarily. There is no tiresome paperwork, so everyone wins.

## 4.2 Commercial Cycle

Bob runs a construction company and, having just won a project to build a new road, is in the process of mobilizing the needed equipment. Bob has a national account with a large multifaceted rental organization which is able to provide Bob with all his equipment needs. Bob sends the list of the equipment and specification that he would like to rent for the critical times of the project. Bob does not need all the equipment all of the time, and is concerned to maximize their usage and minimize his company's cost. Since Bob is on a national account, the rental organization knows about Bob's delivery preferences, billing requirements and by knowing the schedule, its utilization timetable. Bob also sends the operator qualifications, so the requirements of the equipment matches the capabilities of Bob's personnel. The rental shop uses GPS tracking and polling to capture the location, mileage, or hours of operation of the equipment, so they can constitute part of the dynamic pricing offered to Bob. The rental shop also advises Bob that if the equipment remains inactive, that Bob can remove it from the job site until required again. All costs are tracked against Bob's project, allowing a detailed report and invoicing from the rental shop that can be applied directly to the cost buckets on Bob's project.

These scenarios illustrate the need for advanced software, not only to be technician friendly but to also provide consumer empowerment. Today's rental software should be able to help the client by being an integral part of their daily tasks, without hindering their productivity or impose on their time. Today's rental software needs to enhance the rental experience.

## **5 WHY GLOBAL RENTAL MANAGEMENT- RENTON™**

**Global Rental Management- RentON™, powered by SAP, provides the new definition for the rental platform. RentON™ provides the industry the tools needed to empower the consumer by offering several options to commence and complete rental transactions. Whether renting a pair of skis or a configurable construction crane, RentON™ has the features and functions to efficiently plan, execute, and deliver to the rental needs of your customers.**

**RentON™ provides the rental organizations with flexible and configurable toolsets, features and functions, affording your customers the empowerment needed in today's ever changing landscape. RentON™ is equipped with customizable web and mobile applications, allowing the system to cater to the needs of the marketplace.**

**RentON™ provides the unique ability to grow with the rental market; including the ability to provide the tools necessary to rent any equipment and provide any services envisioned by the rental organization. RentON™'s unique approach to rental gives the power of configuration to the rental organization to add products and services as their organization grows and diversifies.**

**RentON™ is built upon the principles of modulation. As a member of a family of products and services catering to the rental market, RentON™ can be seamlessly added to by other modules; such as event management, equipment maintenance, internal product allocation, project based mobilization, customer service, sales, transportation, leasing, rent to own, configurable rentals, promotion management, loyalty management, gift card management, purchase credits, point of sales integration, asset management, human resources, GPS tracking, and payment card processing.**

**To learn more about how RentON™ can help your rental organization and improve the bottom line, while providing unlimited flexibility to grow your operations, call your sales representative at Savantis Group at 415-718-8020. You can also send an email with your contact information to [sales@savantisgroup.com](mailto:sales@savantisgroup.com), visit us online at [savantisgroup.com](http://savantisgroup.com)**