

UNITED RENTALS WHITE PAPER

United Rentals Benchmarking Service.

Your path to cost savings.



UnitedRentals.com | 800.UR.RENTS

© 2017 United Rentals, Inc.

Overview

Managing equipment utilization has always been difficult. That changes with the **United Rentals Benchmarking Service**. Built on 20+ years of data and expertise, United Rentals has created the first comprehensive utilization benchmark for different industry and equipment categories. Now, companies can score equipment utilization against their industry's benchmark, pinpoint improvement opportunities and quantify the dollar impact. All backed by United Rentals experts ready to support you with a personalized improvement plan.

Introduction: You Can't Manage What You Don't Measure

Companies in construction and heavy industry have had a blind spot around equipment usage, exemplifying Peter Drucker's adage that you can't manage what you don't measure. And it's not a victimless crime – it's costing these firms billions of dollars.

One Texas A&M University study found 82% of survey participants believed increasing equipment utilization could increase ROI, but then found that nearly half those same respondents **did not track or measure their equipment utilization**. McKinsey put it more bluntly, finding that the construction sector's productivity has trailed that of others for decades, often for reasons beyond its control, to the tune of \$1.6 trillion.

Beginning to close this productivity gap and address the aforementioned blind spot requires taking back control. This industry mind shift is made possible today by data-producing and data-processing technologies, including low-cost sensors, GPS technology and telematics, and a new generation of high-powered, cloud-based software and services.

In short, welcome to the Digital Age. And this time "equipment," whether rented or owned, is on the front lines of the evolution poised to deliver significant bottom-line returns.

Let's Get Digital

In the Digital Age, equipment is valued as much for the information it can provide – about its location, use and performance – as for the task or tasks it performs. While some companies still manage rental equipment from a best rate or "3 bids and a buy" perspective, growing numbers are looking to leverage data to manage their rental fleets more holistically and efficiently to better benefit the business.

Users of United Rentals' Total Control® software already know this. Total Control®, a key pillar of United Rentals' UR One digital platform, is a fleet management solution designed to manage costs by optimizing the amount, length and utilization of equipment on rent. UR One, recently launched, is United Rental's digital platform that offers always-on, one-stop access to the products, tools, information and services that help customers increase productivity and manage equipment more efficiently.

Together these capabilities provide companies **a single system of record** to manage equipment rentals, helping them get a handle on what they've got, where they've got it, how much they are paying for it, how often it is being used, and when they need to return it. These are key building blocks to managing the rental fleet and making more-informed decisions based on that understanding, decisions that reduce days past due, pull unnecessary equipment off rent and increase utilization and consumption. Simply put, decisions that **increase profitability for your project or work site**.

Now United Rentals is helping its customers answer a different kind of question, a more existential one with big implications: How am I doing? How does my equipment utilization compare against the industry average? Where do I rank versus competitors in returning equipment on time? And, perhaps most importantly, what kind of dollar impact can I drive by changing my behavior?

Drawing on nearly twenty years of experience renting vital equipment at scale to the world's leading builders of power plants, oil refineries, stadiums, schools and hospitals, United Rentals has amassed the **industry's largest store of proprietary data**, gathered from millions of transactions, on how equipment is utilized and consumed by the enterprise – by market segment, job type and equipment specification. And now, through an ongoing investment in systems, technology, and understanding customers' business needs, the company is ready and able to **bring this data to market and make it useful to clients**.

Today, United Rentals is issuing in a new era in rental equipment control and efficiency: the new United Rentals **Benchmarking Service** has arrived.

Benchmarking: A Closer Look

Every piece of rental equipment has a story to tell, and since United Rentals has captured that data, it has been able to share some extremely valuable insights with its customers. These insights center around two key productivity levers:

- **Consumption** is how much equipment a company uses. It is driven by the amount of equipment on rent and the rental duration.
- **Utilization** is how efficiently a company is using its equipment. This measure varies significantly by equipment categories. For instance, low utilization may be considered acceptable for a generator used as a backup while higher utilization is expected for an aerial lift in constant use across a site.

Let's dive further into how companies can use these levers to improve productivity.

For starters, 24% of all equipment goes past due an average of 15 days past the projected return date. You can imagine the cost impact, but one of the great things about having the data is imagination is not required. Let's look at facts. A boom lift that rents for \$1,800 per month begins to turn into a much more expensive piece of machinery the second it is returned late. Keeping the unit one day past its estimated return date incurs \$200 in additional rental, or 11% of the estimated rental cost. Three days past due incurs \$600, or 33% of the estimated rental cost; and 15 days past due – the industry average – does nothing less than double the original estimated cost. Aggregate this up to a whole fleet, and you are talking real money.

Remember the company that managed its fleet with a price-only approach? Think they are happy paying twice as much? More importantly, **do they even know?**

Total Control® Users would know, and knowing helps change behavior and save money. But gaining tactical dexterity through Total Control's array of real-time alerts and reporting is only the first step in the data-led transformation that is coming. And that's where United Rentals' new Benchmarking Service ("Benchmarking") comes in.

Whereas Total Control lets you know what's happening on the ground, Benchmarking enables you to rank every piece of rental equipment across your project and work site – measuring utilization and days past due – against industry norms. Using the service, customers can view their performance holistically on a single screen, or drill down any number of ways, by site, by product type, or even by single line item to see how their management of rental assets stacks up against the competition. And based on that diagnosis they can prepare to take action. Let's take a closer look.

You Can Do That?

Benchmarking's ability to look across every equipment-rental transaction and determine with certainty that 24% of all rentals are returned 15-days late hints at the power of the service and the precision metrics it can present to customers. But that capability really hits home when this precision is trained on a customer's own operations.

So how does your organization stand up against the 24%/15-days late norm? Benchmarking **can show you in detail based on your actual performance data** (see Figure 1), an industry first.

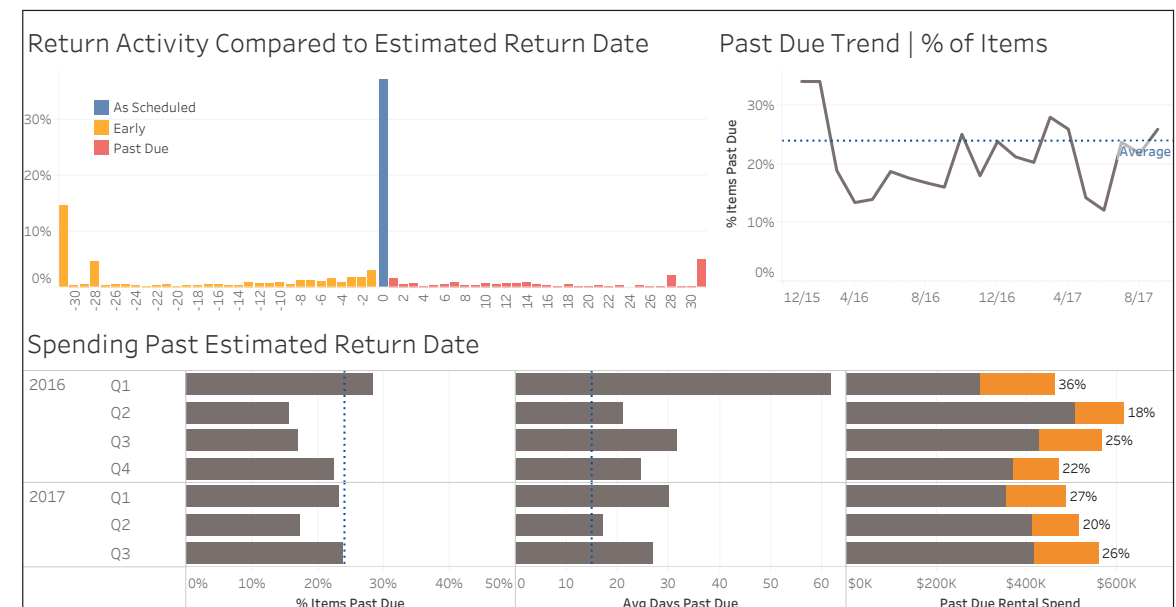


Figure 1: How Well Did You Perform?

In this Benchmarking view, one of dozens the customer can use to analyze performance data, Return Activity is graphed out highlighting percentage of equipment returned on time, early, and past due; is tracked as a trend line of past-due activity over time; and is measured in terms of spending-past-estimated-return-date as a percentage of overall returns, days past due, and **past-due rental spend**. And this last metric is where most customers start to see red. With Benchmarking, wasted dollars aren't simply abstracted as bar graphs, they are pinpointed and brought to light.

Another view presents Utilization Performance (see Figure 2) and shows the customer's actual utilization numbers across equipment categories and the industry norms against which they are measured. Here, Benchmarking has accessed all 772 rental transactions the company has made from January 2016 to September 2017, recording what was rented, for how long, and the environment in which it was used. These three strands of information are needed to understand the customer's utilization rates versus its peers.

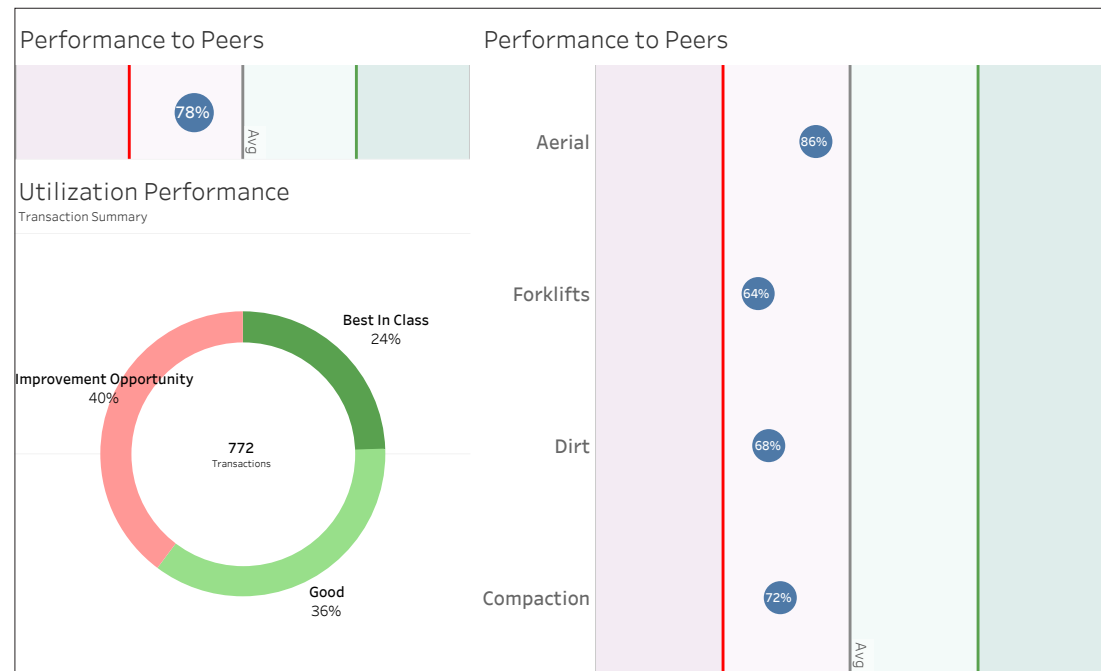


Figure 2: Where is your opportunity?

The diagnosis is fascinating. Across all equipment types, the customer's overall utilization performance is 78% to average (Performance to Peers); out of 772 transactions, 24% are best in class, 36% are good, and 40% leave room for improvement; and over each equipment type, performance to average is revealed. Benchmarking's ability to reveal these numbers, for most customers for the first time, is an entry point to a new conversation about managing their business.

This conversation becomes more animated when utilization performance is matched with spend (See Figure 3). Suddenly that "78% to average" utilization rate doesn't look so good, especially when the 22% delta to the average translates into \$328,000 of lost margin, as it does with this company's scissor lifts. But that's the point. Prior to Benchmarking, these conversations weren't happening, at least not with this depth and precision.

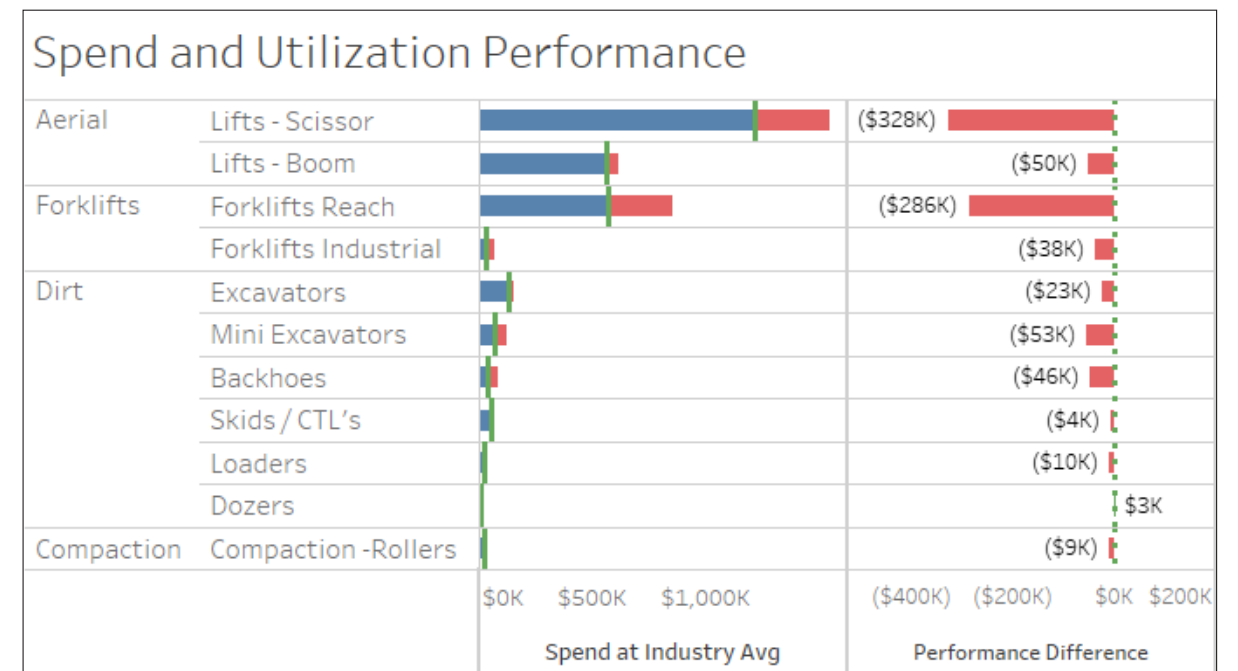


Figure 3: Quantifying the impact

Which gets to the crux of Benchmarking and the Digital Age in which we live. The data is there. United Rentals' Benchmarking Service has it. And there are no more excuses for not knowing how your fleet is performing.

At its heart, Benchmarking uncovers opportunity, starting meaningful conversations that stand to return billions of dollars to the sector's bottom line. In the example above, Benchmarking diagnosed 78% to average. The prescription to get this company's utilization up to average begins with understanding the problem and then taking corrective actions, changing operational behavior to achieve a stronger financial result. And that result is meaningfully calculated and put front and center for the company to see: moving performance-to-average, on a total rental spend of \$4.6 million, represents almost 20% upside, or \$878,000 going directly back to the bottom line.

Benchmarking in Action: Case Studies from Real Customers

FIXING A SLOW LEAK

A large petrochemical facility had a problem – it just didn't know it. Using United Rentals' proprietary benchmarks for rental-equipment utilization across nine product types (generators, boom lifts, forklifts reach, lighting, air compressors, welders, scissor lifts, loaders, and skid steers) the company identified key areas of under-utilization and tackled them using Total Control®. One major culprit surfaced by Benchmarking? The company's use, or under-use, of air compressors. Using Total Control®, the petrochemical firm nearly doubled air compressor utilization, saving \$173,000 in the process. Benchmarking helped the company target the low-hanging fruit first to drive ROI. Successive corrective actions yielded a 39% increase in overall rental equipment utilization and an accompanying 23% reduction in spend which dropped straight to the bottom line.

A MERGER OF EQUALS? NOT IN UTILIZATION

When two large construction companies merged, it was only natural each thought it had the better business processes. Benchmarking from United Rentals not only helped settle the score, it uncovered nearly \$600,000 in savings to the firm that hadn't been using Total Control®. Both firms' equipment rentals were benchmarked against United Rentals' proprietary industry norms across 10 product categories; then, in an added twist, United Rentals benchmarked the firms against each other. What's the sound of jaws dropping? Today there's no discussion of who is on Total Control® - both now use it as part of one new firm.

SEEING RED

One large developer of power sites recently turned to United Rentals' Total Control® and Benchmarking Service to turn on savings and turn off waste. Using United Rentals' proprietary benchmarks across dozens of product categories, the firm identified areas of utilization savings and tackled them tidily with GPS tracking in Total Control®. But the company didn't stop there. It liked what it saw in the Benchmarking process and turned the tables on itself, leveraging utilization data from Total Control® to benchmark its four facilities against each other. **But it's hard to hide from data.** When one site lagged behind the others – captured in red on a Benchmarking chart for everyone to see – its project manager fumed. But he also had the last laugh, successfully identifying \$200,000 in savings highlighted by the service, which the team was able to act upon immediately.

Your Next Step to Better Profitability

Companies have taken advantage of benchmarking to increase profitability for years. Now it's your turn with a Benchmarking Service designed just for you. Whether this is the first time you are thinking about equipment performance, or it is already a standard part of your operating model, United Rentals has a Benchmarking Service to match your needs.

How can you access Benchmarking?

- United Rentals customers can simply contact their United Rentals account manager or Total Control® team for a Benchmarking consulting conversation. You will receive a Benchmarking performance snapshot and personalized consultation with improvement steps you can take today.
- New to United Rentals or not yet a customer? No problem. United Rentals has a Benchmarking Service for you, too. Contact United Rentals today to help you identify savings opportunities and discuss next steps towards better equipment utilization.

United Rentals looks forward to speaking with you. Contact us today at TotalControl@UR.com or 844.474.8520.

Sources

Best Practices in Rental Equipment Management, Global Supply Chain Laboratory, Texas A&M University.
Reinventing Construction: A Route to Higher Productivity, McKinsey & Company.

The best people, equipment and solutions in the industry.

Whatever your projects demand, you can depend on United Rentals from start to finish. Count on the world's largest fleet of rental equipment, 24/7 service and support, over 900 locations across the U.S. and Canada, and experts ready to help you find the best solutions. When you need to get the job done, we're here to help.



General Rental

- Aerial Lift Equipment
- Forklifts & Material Handling
- Earthmoving Equipment
- Compaction Equipment
- Concrete & Masonry Equipment
- Temporary Lighting



Power & HVAC

- Chillers
- Power Generation
- Air Conditioners
- Heaters
- Dehumidifiers
- Fuel Tanks
- Power Distribution



Pump Solutions

- Large Centrifugal Pumps
- Submersible Packages
- Wellpoint Pumps
- Filter Pots & Filters
- Vacuum/Excavation Units
- Custom-Fabricated Pumps



Reliable Onsite Services

- Portable Toilets & Showers
- Standard & Deluxe Units
- Restroom & Shower Trailers
- Wheelchair Accessible Units
- Hand Wash Stations
- Laundry Trailers



Tool Solutions

- Hoist & Rigging
- Specialty Welding
- Pneumatic Tools
- Hydraulic Tools
- Electric Tools



Trench Safety

- Pipe Testing Equipment
- Confined Space Equipment
- Pipe & Construction Lasers
- Barricades & Signs
- Safety & OSHA Training



[UnitedRentals.com](https://www.UnitedRentals.com) | 800.UR.RENTS

© 2017 United Rentals, Inc.