

DX 2021

United Rentals: The Connected Jobsite vision is driving DX at United Rentals

TWIMBIT DX RANKING 3

INSIGHTS FOR SUCCESS | IDEAS TO EXECUTE

April 2021

Twimbit DX Ranking 3



100%
Define



75%
Simplify



100%
Innovate



100%
Overall



Industry: Industrials

Revenue (FY20): USD 8,530 million

HQ: US

CEO: Matthew Flannery

Purpose: Deploy the best people, equipment and solutions to enable customers to build a better and stronger future safely

Business model innovation:

Telematics/IoT/e-commerce

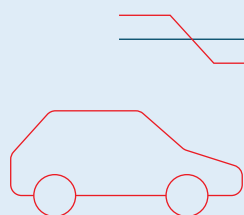


Outcome

200,000 of the company's enormous 600,000+ equipment fleet comes equipped with Telematics devices. The company has launched the industry's first digital e-learning academy to train client employees on equipment usage and management. The revenue from the training arm has grown by 50% Y-o-Y as a result. Clients are pushing United Rentals to become an enabler for the connected job site. UR.com has recorded 20% Y-o-Y revenue growth in fiscal 2020. Total Control is used today by many of the biggest United Rentals customers, managing well over USD1 billion in equipment rentals annually. New customer acquisitions as a percentage of sales are tracking an increase of more than 55%, and the quantity of self-service orders has jumped more than 60%.

Key highlights

United Rentals is doubling down to turn its entire fleet into **telematics-enabled vehicles.**



The company is expanding its digital services across **real-time equipment tracking, monitoring machine usage, preventive maintenance and regulatory compliance.**

It is taking the ecosystem and partnerships route to explore emerging tech areas such as wearables-tech and autonomous vehicle tech to **offer new solutions to its customers.**



Introduction

The United Rentals digital ecosystem, with capabilities that include telematics, online self-service tools, and benchmarking equipment utilisation, provides powerful solutions to help companies. By putting actionable data into the hands of more people, the company drives business productivity and transforms how work gets done.

Transformation

The story began three-and-a-half years ago when United launched an online rental reservation system that made it possible for customers to rent equipment online. What was extraordinary was the fact that the system was fully automated.

As Hummel explained, "Traditionally, what happened – and still happens in most cases – is you use the web as a kind of lead form. You fill out a form, but a human has to connect to it and look it over and make sure that they can take the order. Whereas what we did was we set up an algorithm, a set of business logic, that under normal conditions allowed us to take the order automatically."

The key to this was the ability to assess equipment availability, which was a key challenge on a real-time basis.

The second part of the story is about improving the way people 'consume' rental equipment. For more than 20 years, United has had a proprietary rental management system called Total Control, which gives customers access to account information. The information includes bills, invoices and rental contracts and also helps customers locate equipment and manage costs.

The system has seen various upgrades in that time, and it is now feeding into something that United has begun to delve into more deeply: business intelligence. Total Control allows customers to

The company has also expanded its vertical expertise. The expansion covers how contractors build data centres and power companies refresh transmission and distribution systems. These steps improve customer's value proposition and rental equipment consumption rates.

benchmark their performance, analyse utilisation and identify where money is salvageable.

"We often talk about getting a 20% cost saving for customers when they use Total Control, which is not a software that we charge for but is a software that we provide to the bulk of our largest customers. And there are some pieces of it that are also open to all customers," says Hummel.

The number of customers using the company's e-commerce offering rose from about 11,000 in 2017 to around 31,000 in 2018. Although the figure may not triple every year, it is still growing significantly.

The new app is a gateway to the cloud-based jobsite performance tool by United. Total Control, which gives visibility of both rented and owned equipment in a customer's fleet, is a game game-changer in the industry.

The design of the app allows it to help customers better manage their fleets and improve business efficiency. Each customer has a personalised dashboard to monitor their equipment in real-time, track rentals and share equipment across job sites. A critical feature of the new app is the way it streamlines the off-renting process. Customers can return the equipment with the click of a button at any time of day. They receive instant confirmation, thus reducing the risk of discrepancies.

Strategy

United Rentals is looking beyond the core rental business to take advantage of economies of scale to offer new services. The company is looking to explore three broad engines of growth:

- **Grow the speciality division:** Specialty is the fastest-growing segment at United Rentals. It has grown from USD280 million in revenues in fiscal 2016 to USD2 billion in 2020.
- **Launch services and advanced solutions division:** This involves the expansion of services into non-rental equipment for customer fleets. The core focus of the division includes servicing and maintenance of customer fleets, training and advanced solutions. The advanced solutions division is experimenting with emerging tech areas like autonomous vehicles and wearable tech to bring new solutions to the market. The training app launched by United Rentals has clocked a growth of 50% Y-o-Y in fiscal 2019.

The company has combined customer equipment services, customer fleet solutions, United Academy and advanced solutions under one roof. Key services the combined entity will provide include:

1. Real-time equipment tracking via GPS and Telematics.
2. Monitoring machine usage via IoT and real-time digital dashboard on mobile and web.
3. Preventive maintenance services.
4. Regulatory compliance services.

New growth and performance

More than a third of the company's equipment fleet is now digitally enhanced through embedded telematics devices. The number of customers transacting via its e-commerce store has almost tripled from 11,000 in 2017 to 31,000 in 2018. The United Academy App, offering online learning solutions for customer equipment handlers, saw fiscal 2019 revenue growth by 50% Y-o-Y.

The core rental business recorded a COVID-19 induced decline in fiscal 2020 results. Revenue declined c.9% to USD8,530 million, but the gross margin of the speciality equipment category grew by 50 bps to 45.9%, clocking in USD765 million in 2020 over 2019. Fleet productivity declined 3.8% Y-o-Y but sequentially improved by 420 bps due to better fleet absorption. The company has given a positive outlook in the fiscal 2021 guidance with targeted revenues of c.9.025 billion, implying growth of c.5.8% at the top end of the outlook.



We're trying to follow the whole process that a customer goes through and look through their eyes. Where are those moments that they want us to do better, or they want to do better themselves?




Chris Hummel,
Senior Vice President and
Chief Marketing Officer



United Rentals DX Framework

Pillar | Define

Key question | Who we are?

Attributes	Score	United Rentals
Clearly articulate purpose	100%	<p>The United Rentals mission is to deploy the best people, equipment, and solutions to enable customers to build a better and stronger future safely.</p> <p>The mission statement sets the tone for United Rentals value agenda.</p>
Sharp focus on outcomes and impact	100%	<p>Transforming the core: United Rentals is ramping up digital capabilities and adding new services for growth.</p> <p>Key initiatives:</p> <ol style="list-style-type: none"> 1. Building the GenRent platform. 2. United Academy: Launched the services business to increase customer relevance and add a competitive differentiator. 3. Ramping up digital capabilities to better serve customers and support internal efficiencies. <p>Key outcomes:</p> <ol style="list-style-type: none"> 1. UR.com (The company's online marketplace) has led the focus in generating greater awareness and interest amongst customers. It is also enabling the company to acquire customers through its online channel. The platform has delivered 20% Y-o-Y growth in 2020. 2. 33% annual cost savings for customers on equipment rentals with Total Control. 3. 225,000 pieces of small equipment United Rentals intends to track via next-gen Telematics. 4. Two million pieces of bulk equipment is all set to become trackable items in the near future.
Culture is the key	100%	<div> <div>  <p>96%</p> <p>CEO Approval</p> </div> <div>  <p>4.0</p> <p>Glassdoor Ratings overall</p> </div> <div>  <p>75%</p> <p>Recommend to a friend</p> </div> </div> <p>Work culture at United Rentals has its basis on family values. The company ensures that each individual working at the firm has the support infrastructure, learning and diversity they need to grow and thrive at the workplace.</p> <p>United Rentals has various resource groups to promote employee participation. They are as follows:</p> <ol style="list-style-type: none"> 1. Together United: Career pathway for participants to engage with leaders and find helpful resources to develop their careers further. 2. Women United: Networking, education, and the promotion of career opportunities for its female team members.

United Rentals DX Framework

Pillar | **Simplify**

Key question | **How we operate?**

Attributes	Score	United Rentals
Flat organisational design	100%	<p>Reaching out to employees helps create a sense of community. "It makes a big company feel small—and that's important," says Craig Pintoff, SVP of HR at United Rentals.</p> <p>The company practices initiatives like:</p> <ul style="list-style-type: none"> • One-on-one check-ins • Townhall meetings • Corporate 'Listening Hours' <p>These HR imperatives help create a strong work culture and an open relationship between employees and leaders.</p>
Treat talent scarcer than capital	100%	<p>The company's talent strategy centres around its core values. It has specific programs for women and veterans to find career opportunities after retiring from the Armed forces.</p> <p>Key initiatives/outcomes:</p> <ol style="list-style-type: none"> 1. Support to military veterans. Around 10% of the company's total employee base are military vets. 2. Set up the United Compassion Fund to help employees come together and support their colleagues.
Fast decision-making	100%	<p>United Rentals is one of the very few companies in the Heavy Industries Category to turn digital swiftly. The company is going full throttle and making every piece of small and large equipment IoT-enabled. It is also further augmenting decision-making through data analytics and remote equipment management, among other moves.</p> <p>Key initiatives:</p> <ul style="list-style-type: none"> • United Rentals put in motion a logistics system called FAST — an acronym for field automation systems technology. • One of the components of FAST is using computerisation for improved delivery and pickup efficiency. • The computer advises the driver on what to do from every angle. It tells the driver every intricacy, from what to load, in what order, what to deliver and in what particular order, all while taking into account the quickest route possible. • The system saves fuel and ensures that the company doesn't have empty trucks passing each other on the roads. • FAST also takes into account that the driver might know something about potential obstacles caused by road construction and ensures that he does have input into the process accordingly.

United Rentals DX Framework

Pillar | **Innovate**

Key question | **How we grow?**

Attributes	Score	United Rentals
Explore ecosystems	50%	<p>Mergers and acquisitions (M&A) is an integral part of the company's growth strategy. It allows United Rentals to unlock ecosystem-driven growth by executing transactions that help achieve scale.</p> <p>Key initiatives:</p> <ol style="list-style-type: none"> Over 250 transactions in 20 years. Acquired RSC (USD4.2billion transaction value). The deal aimed to provide USD200million in cost savings from branch consolidation and overhead rationalisation. It helped scale up the Genrent platform. Acquired National Pump (USD780million) in cash. The acquisition helped United Rentals expand into the higher-margin speciality equipment category. Partnered with Trackunit to install Trackunit Manager Technology on the United Rental fleet.
Driven by tech	100%	<p>Telematics: The company is exploring telematics to record and manage equipment remotely and in real-time. Telematics enables the company and its customers to manage machines over the cellular network for companies outside the WiFi zone.</p> <p>IoT/M2M: An internet-ready piece of equipment comes outfitted with sensors that send signals wirelessly to application software. The said software tracks information relating to performance, fuel consumption and operating hours — and possibly much more, depending on the sophistication of the sensors and software.</p> <p>Apps: The company has built mobile apps to enable clients to monitor vehicle usage and consumption, as well as a real-time dashboard-based analysis via the Total Control Web App.</p>
Accelerate organisation learning	100%	<p>United Rentals utilises a wide range of training solutions (classroom, hands-on and e-learning). These solutions include safety training, sales and leadership training and equipment-related training.</p> <p>Key initiatives:</p> <ol style="list-style-type: none"> 710,000 hours of training provided to employees across safe practices, operations, services and maintenance. Over 1,000 employees act as trainers for these programs. The Live2Change leadership training program teaches branch managers how to assess the current safety culture at their location and how to understand better the challenges and opportunities that the company faces. 3-year LIFT (Leadership training cohort program) to train the next set of leaders.



Insights **that find you**

How we think

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