



WHY BUY?

Traditionally, ground handling operations purchased their equipment. But history lessons are not necessarily the way forward, as Alwyn Brice explains.

The occasional, far-sighted handling operation did indeed lease its equipment a couple or more decades ago, but finding exponents of the art, those that took the plunge and outsourced all their GSE requirements, were always few and far between. Rather, leasing and renting were considered ideal solutions in times of unexpected need, when fleets required topping up whilst new GSE was on order, for example. Only the brave took their equipment right off the balance sheet... But times change.

A perfect marriage

Aviaco's growing refurbishment business marries up neatly with the renting and leasing concept, so it comes as no surprise to learn that this side of the company's activities is gaining ground every year. According to Aviaco's Danny Vranckx, this segment is a prime focus for the company.

"It's complementary to our business," he explains. "It works especially well with the longer term contracts, say five years or

more, but equally, we try to be as flexible as possible. We've recently supplied an ambulift for a six month period but we can arrange something for a short period, like four days, as we did at the last Farnborough Airshow. Customers have said that they like to do rental business with us as we have no penalties – after all, we own the equipment in the first place."

Vranckx's experience in this area stretches back a long way: he was involved with Groundstar's rental requirements back in 2001 at Stansted, a time when very few handlers were grasping the benefits of the idea.

The reign in Spain

According to Jose Manuel Garcia Arrechea, 2018 was quite a good year for Air Rail.

"We reached €35m in revenues (up from €30m last year), of which around 68% came from our airport division. Regarding our business, airport rentals account for about 35%, and we expect in 2019 that to be around 60%. We now have clients in seven countries and 52 airports, with nearly 1,400

rented units. We have invested nearly €14m in the first quarter of 2019 and we currently have a fleet value of over €45m." He adds that the fleet has an average age of around four years and that investment in GSE has been nearly €40m since 2015.

"We are now offering the implementation of telematics (not only GPS location) on the units, which is included in the rental price. PRM equipment was important in 2018, since we delivered over 85 units in Spain, of which over 30 are on rental. We also have 81 buses on rental at the moment.

"We want to be on the European scene, ▶

A NOTE FROM THE US

Equipment deliveries from OEMs continue to be slow, declares William Long, Managing Director, Strategy, Xced Aviation Services. "Some OEMs are pushed out over 100 days. Demand continues to be robust, though, and I continue to see market-wide growth and demand for new and used GSE."

and besides all the GSE that of course interests us, PRM equipment and Yutong buses (both diesel and electric) are amongst our main focuses for this year. That's one of the reasons why we purchased nearly 350 units from Lesma - to grow our units for rental.

"Clients keep asking about rental possibilities, and more and more are concerned about its benefits compared to purchasing. Nevertheless, this happens mostly in Western Europe, while in Eastern Europe this is still a challenge. They have a different mentality about this. Rental requests are for both used and new equipment, or a mix of the two.

"We can consider a sale and leaseback operation, but normally it's not our practice, because offered fleets tend to be old and not very well maintained. However, we do offer a lease/purchase option, if required by the client. We can also facilitate pooling, for instance, but not many clients require this at the moment, although some are studying it.

"Normally, we receive requests for both dry lease or wet lease, but we prefer doing wet because that way we can better control the equipment and keep it in use, with high operating ratios and a higher value at the end of the rental. We listen to our clients and we try to offer, not what is best for us, but what might best suit their needs. We have back-up units normally in place to cover any potential problems."

The operation currently has four workshops, but there are plans to open more, not only in Spain but also elsewhere in Europe.

Two decades on...

With leasing now widely recognised, TCR has become a global company, with a presence in over 120 airports; and in 2019,



New Zealand was added to its network. Whilst the full operational lease model (dubbed Full Service Rental) remains its core product, TCR recognises the complexity and rapid changes the handling industry has to face, and is adapting its model to the specific legal, environmental, financial and, above all, operational constraints. This requires customer dedication and close co-operation, leading to an holistic and long-term solution with vision that certainly adds value to a customer's business.

As a consequence, TCR benefits from a very loyal customer base, with a high retention rate and a high level of return business. "At TCR we aim to build sustainable partnerships and are very proud and thankful for our customers' loyalty, which proves that we can add real long-term value to their business," comments Jan De Leeuw, Group Commercial Director.

Lower TCO (by avoiding inefficiencies

and leveraging the scale of TCR); contractually guaranteed availability of GSE; operational reliability through well-maintained GSE; improved punctuality with an ideal fleet mix and flexibility in changing the size and type of the GSE fleet as requirements and standards change over time are the principal goals for most clients. Moreover, priorities are not the same for all clients. Different customers face different challenges and operate within different environments. Therefore, an in-depth analysis is performed before submitting specific customer recommendations and proposals, which enables informed decisions and transparency. The resulting solution is a tailor-made solution, combining different strong points of the TCR lease model and its supporting fleet services, such as telemetry, continuous innovation, fleet sizing and consultancy.

TCR is putting an increasing focus on innovation. "Through innovation, we want to make sure that our clients get the best GSE recommendations and the most efficient fleet for their operations at any given point in time – and for every specific environment," explains De Leeuw. Examples include choosing case by case the most adequate type of battery; making sure that the technical installation is performed accurately; and testing with customers new technologies in partnership with suppliers as part of TCR's team responsibilities for a successful green transition. "In all this, our first thought is: how could this be helpful to our customers?" explains Thibault de Maigret, Innovation Manager at TCR Group.

Finally, safety. Last year, TCR organised communication campaigns with impactful messages and stringent follow-ups: its Scandinavian team proudly reached Zero Lost Time Incidents over a period of 24 months in Norway. **ghi**

WET LEASE SOLUTIONS THE IDEAL PACKAGE

For some companies, the leasing and renting side of the business has grown exponentially. Netherlands-based S-P-S is a prime example of this: for owner Paul Schmitz, his growing renting facilities are inexorably tied up with GSE maintenance.

"There are a number of smaller companies getting into this area now," he discloses. "But most are doing what we would term dry lease, that is, without the maintenance package. We position ourselves differently, because we think that this is the way to go."

S-P-S has been offering this kind of facility to some degree since its inception but now, with a firm customer base in Holland, Belgium and the UK, the whole concept is accelerating. Virtually anything can be specified for rental: S-P-S has clients with leased products as diverse as a pushback tractor to a cargo handling system.

Refurbishment and rental seems to be the name of the game at present, with more and more handlers viewing the package as a neat solution to their needs on the ramp. And, as more and more small companies seek to gain a slice of the action, so this translates into benefit for the customer, who is now able to profit by the competition in the marketplace. But as Schmitz observes, there have to be some fundamentals in place.

"To do this properly you need to establish and invest in workshop facilities. That presents the biggest challenge: finding the skilled technicians to run these facilities. But the upside is that we are seeing more and more people coming to us for this kind of solution. What we must do next is open up in other countries where this idea is well received."