

Total control: Plant & Equipment management



Controlling project-based leased, hired or owned Plant & Equipment inventories. How centralized, company-wide asset visibility averts costly idle or underutilized resources.

Estimates suggest between 90-95% of all plant and equipment machinery used in construction and engineering projects is leased or hired. Whilst this business model provides attractive financial advantages to contractors, it can result in unnecessary costs if assets become unavailable, underutilized or idle, surplus to requirements, damaged, or stolen. Data powered decision-making with IFS Enterprise Asset Management, part of IFS Cloud, helps by planning and scheduling usage, highlighting equipment that is running idle, and understanding where, when and how equipment is run.

Recent data suggests the global construction equipment rental market was worth 118 billion U.S. dollars in 2021 and is forecast to reach 180 billion USD by 2027¹. In Europe, the construction equipment market is expected to exceed a revenue of USD 38 billion by 2026².

The cost savings and flexibility afforded through renting or leasing equipment for projects versus the high capital cost of buying, owning and maintaining construction equipment are compelling. Rental agreements allow contractors to access whatever resources they need without incurring high depreciation costs, maintenance obligations and insurance expenses. In the event of an economic downturn, or if circumstances change, the equipment can be returned.



With 90-95% of all plant and equipment machinery either leased or hired – if it is standing idle is it costing you money

Diverse assets

The range of plant and equipment typically hired and leased for projects is diverse; it is also evolving to embrace new technologies. In the EU, impending stringent emission regulations are forcing contractors to reduce their reliance on diesel-powered plant and investigate electric and autonomous equipment options. Traditional assets required include heavy plant such as cranes and crane lorries, earthmovers, concrete and roadbuilding equipment, excavators, bulldozers and graders. Other common site requirements include scaffolding and work platforms, as well as smaller equipment such as pumps, generators, demolition tools, compactors, electrical transfer boxes and more.

The challenges of managing these mixed asset fleets are significant and span several dimensions. First, there is the matter of location. Assets may well be deployed remotely across multiple projects sites and may also need to be shared between concurrent contractor projects. Maintaining visibility is essential to ensure assets are both available and productive when on-site. Second, assets may require routine or condition-based maintenance. Any failure to ensure the correct maintenance regime could result in costly breakdowns and downtime or worse, serious damage requiring repair. They may also require consumables such as fuel or power that need to be planned. Third, equipment may require the hire of skilled labor to operate it. Planning essential third-party or subcontract labor to schedule, and procuring the best possible rate, is critical to maintaining site productivity, delivery deadlines and project profitability. Fourth, plant and equipment is subject to damage and even theft. For example, Telstra reports the Australian construction industry loses \$1.4 billion a year in damaged tooling and equipment.

Managing complexity

Managing construction project contracts requires a wide range of capabilities. These range from finance, human resources, document management, procurement, supply chain and subcontract management to quality, health safety and environmental (QHSE), equipment management and more.

To compete, organizations need a way to unify traditionally disconnected elements such as project management, service, construction, manufacturing and asset maintenance, whilst accessing features such as project cost control, planning and progress tracking, risk management and project accounting.

Relying on disjointed software solutions and worse still, disconnected spreadsheets, simply cannot provide the end-to-end operational visibility required.

A unified platform for data powered decision-making

By replacing disparate systems with a single platform, data powered decision-making with IFS Enterprise Asset Management (EAM) within IFS Cloud offers both hirers and asset owners alike the visibility to plan, manage and maintain fleets, maximizing profitability and minimizing downtime. Unlike traditional ERP software, EAM capabilities in IFS Cloud deliver a combined project lifecycle and asset management solution—a truly ‘cradle to grave’ approach rarely found in one single solution.

Leveraging data

The solution also embeds the ability to manage changes whilst ensuring margins are not reduced. For example, contract deviations are automatically reflected in the profit and loss forecast, allowing the team to re-evaluate risks and take appropriate steps to plan resources, assets and workflow to maintain profitability.



Business benefits: IFS Cloud Enterprise Asset Management

Optimize asset availability

Manage and visualize all aspects of a lifecycle. Ensure assets or component parts are available where and when they are needed for maximum production and resource utilization.

Ensure asset reliability

Manage the health and performance of your assets. Boost asset uptime, reduce costly equipment failures and unplanned downtime related to assets and plan for decommissioning.

Drive asset utilization

Improve utilization by understanding asset usage and availability to positively impact productivity and raise profit margins.

Improve customer satisfaction

Meet deadlines at each stage of the lifecycle to reduce downtime, fulfil customer expectations and remain profitable.

In summary, preventing revenue and value leakage, and optimizing the use of hired and leased plant and equipment, can only be achieved by removing information siloes between departments, assets and resources. By informing quotation accuracy, scope management, revenue management and resource management, EAM capabilities in IFS Cloud maximize project value whilst ensuring on time, on budget delivery.

To learn more about managing leased and rented plant and equipment assets with IFS, [get in touch today](#).

References

1. Statista
2. Graphical Research

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