

HOW SMART CONNETED PRODUCTS CAN DRIVE NEW BUSINESSES

A case in Logistics Solution LUBMAT

Case of ULMA Maintenance Services



HOW SMART CONNETED PRODUCTS CAN DRIVE NEW BUSINESSES

DESCRIPTION & BRIEF REVIEW OF THE COMPANY



ULMA Maintenance Servicies was borned, as a promotion from Laboral Kutxa Group, in 1984 with the initial name of OINAKAR (Oñati Karretilak - Oñati Trucks) and initially aimed to provide logistics and handling services to nearby industrial cooperatives.

It signed its first commercial distribution contract with NICHYU (NYK) and, two years later, added Mitsubishi Forklift Trucks to its catalogue.

In first few years, the forklifts were assembled in Oñati while the components were imported separately to avoid import quota restrictions and the forklift truck masts were manufactured internally.

From 1987, Oinakar joined the ULMA Group and changed the brand name to ULMA Manutención S. Coop. which was comprised of two business: Forklift Trucks and Handling Systems.

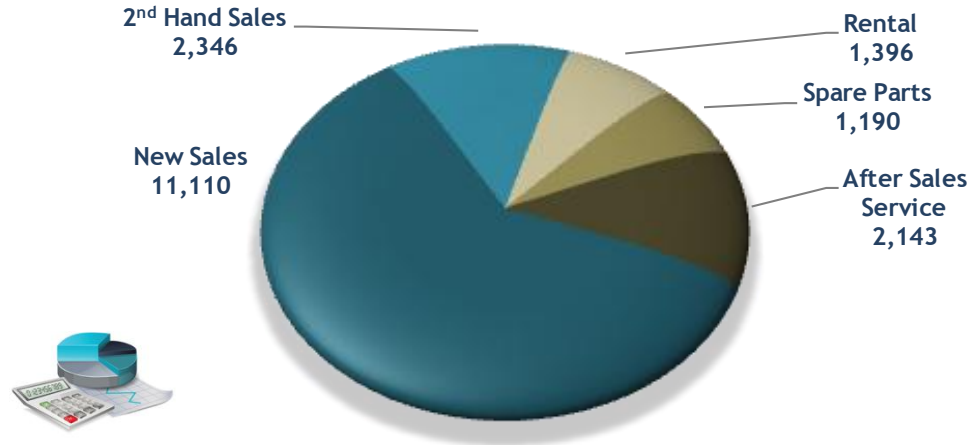
After General Meeting November 12th 2010, ULMA Manutencion was split into two companies, taking the forklift business the company name of ULMA Maintenance Servicies (USM)

USM is a rental and service company of forklift trucks. It provides a complete range of cutting-edge forklift trucks to handle any type of load inside and outside.

First-rate customer service, an extensive commercial network and after-sales service covering the entire country guarantee an efficient service and the highest standards.

**1st STEP
FROM
INDUSTRIAL
PRODUCT
DISTRIBUTOR
TO INDUSTRIAL
PRODUCT
SERVICE
PROVIDER**

TURNOVER YEAR 1999



Turnover=18,185

(thousands of euros)



Total Machines: 13,456

(thousands of euros)

TOTAL
MACHINES
74%

G.M.
1,874
65%



Total Services: 4,729

(thousands of euros)

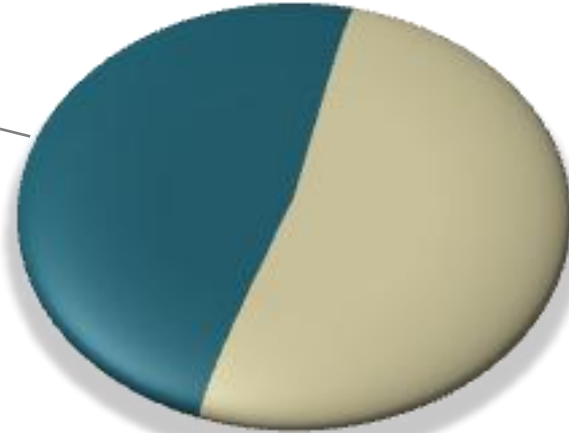
TOTAL
SERVICES
26%

G.M.
1,000
35%

PERSONNEL 1999

1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

Direct
Labor
47
48%



TOTAL
98 people

Indirect
Labor
51
52%

TURNOVER / STAFF: 185,6 K€
ADD VALUE : 47,6 K€

In 1999 sales per employee were 4 times higher than value added per employee.



CONCLUSIONS 1999

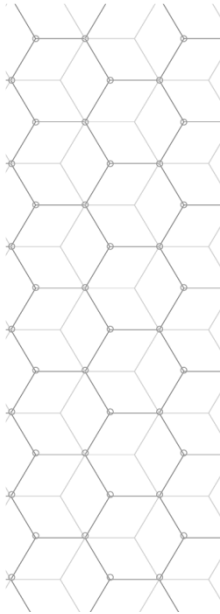
1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

- The 75% of the business gives the 65% of the Gross Margin & the other 26% gives the 35%
- The 80% of the total purchases of the company to only one supplier

STRATEGIC ACTIONS

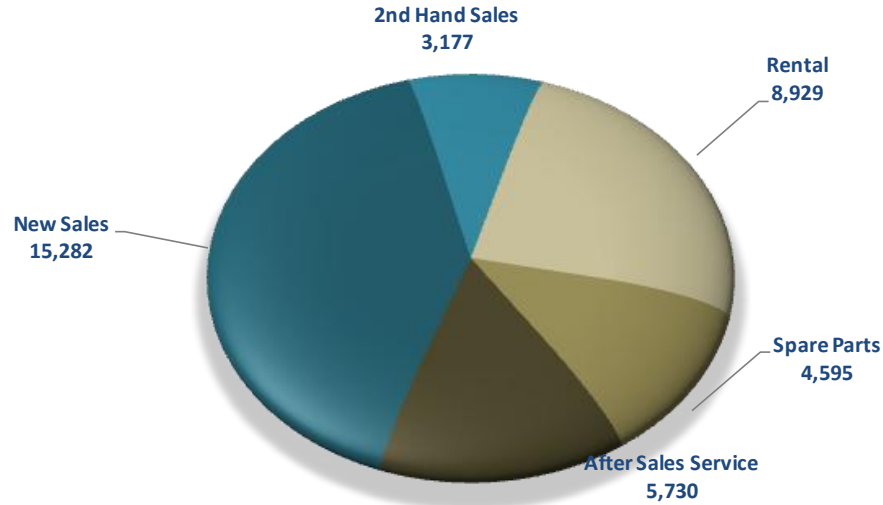
1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

- Reduce dependency from a single supplier
- Increase turnover in higher value-added activities
- Promote a participation style of management



**1st STEP
FROM
INDUSTRIAL
PRODUCT
DISTRIBUTOR
TO INDUSTRIAL
PRODUCT
SERVICE
PROVIDER**

TURNOVER YEAR 2008



Turnover = 37,713

(thousands of euros)



Total Machines: 18,459

(thousands of euros)

**TOTAL
MACHINES
49%**

**G.M.
2,676
38%**



Total Services: 19,254

(thousands of euros)

**TOTAL
SERVICES
51%**

**G.M.
4,440
62%**

CONCLUSIONS 2008

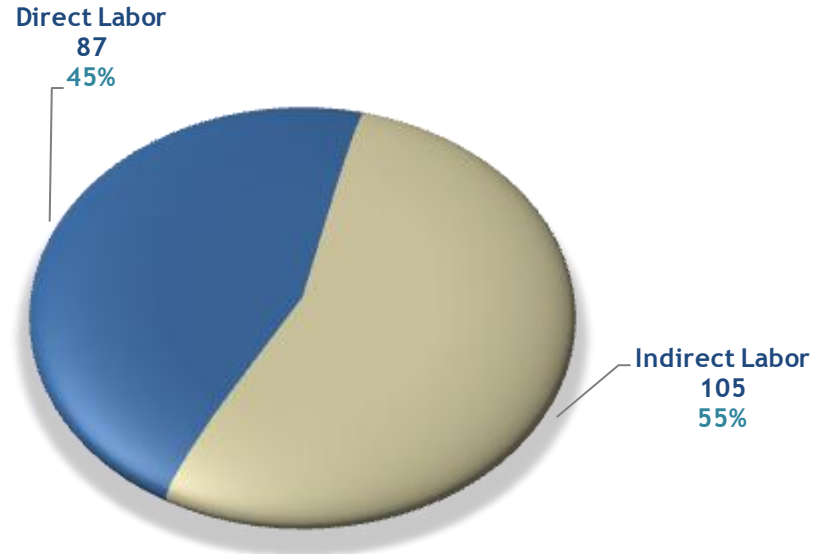
1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

- About the 50% of business is in higher value-added activities(M.I. >23%)
- The Gross Margin improved in 2008 (23%) comparing 1999 (.....) because the rental business increased its share

PERSONNEL 2008

1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

TOTAL
192 people



TURNOVER / STAFF:	192,4 K€
ADD VALUE :	59,2 K€

*In 2008 sales per employee were 3,25 times higher than added value per employee.
Improved the Added Value because of the service but it needs to rise the labor productivity.*



ORGANIZATION STRUCTURE 2008

1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER

GENERAL MANAGEMENT

PRODUCT MANAGEMENT

SPARE PARTS MANAGEMENT

SALES & SERVICE MANAGEMENT

FINANCIAL MANAGEMENT

HUMAN RESOURCE MANAGEMENT

IT MANAGEMENT

- Logistics
- Workshop
- After-sales Technical Service
- Pre-sales Service

- Logistics & Purchasing
- Multibrand Technicians
- Commercial Team

- Brand Offices
- After-sales Coordination
- Administrative Staff
- Network of Authorized Dealers

- Accounting
- Economic-Financial Controller

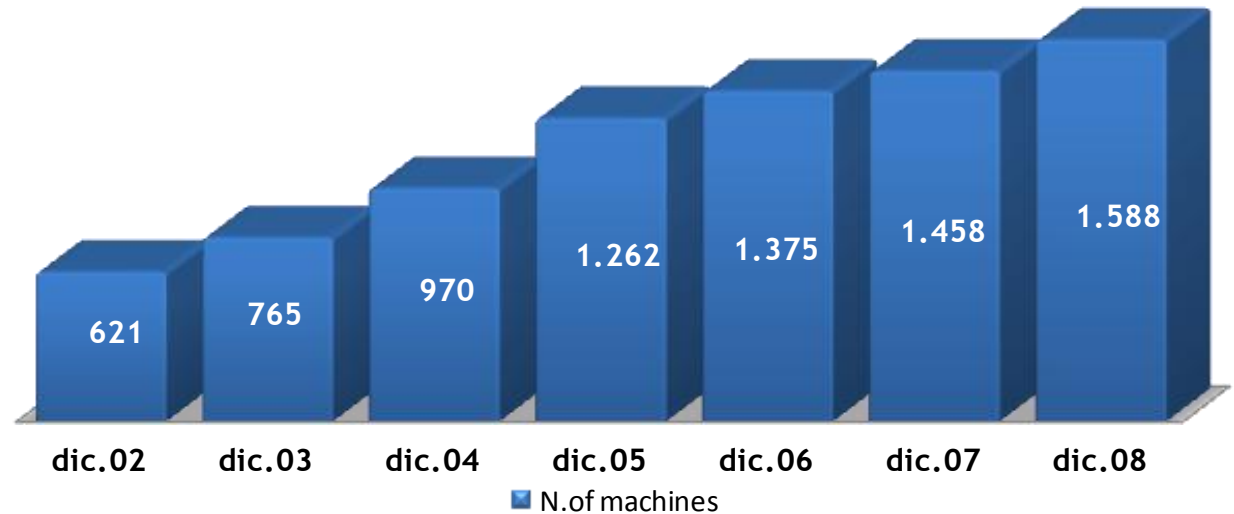
- Personnel Department
- PLR (Prevention of Labor Risks)

- ICT Applications
- Hardware & Communications

N. of Jobs: 192

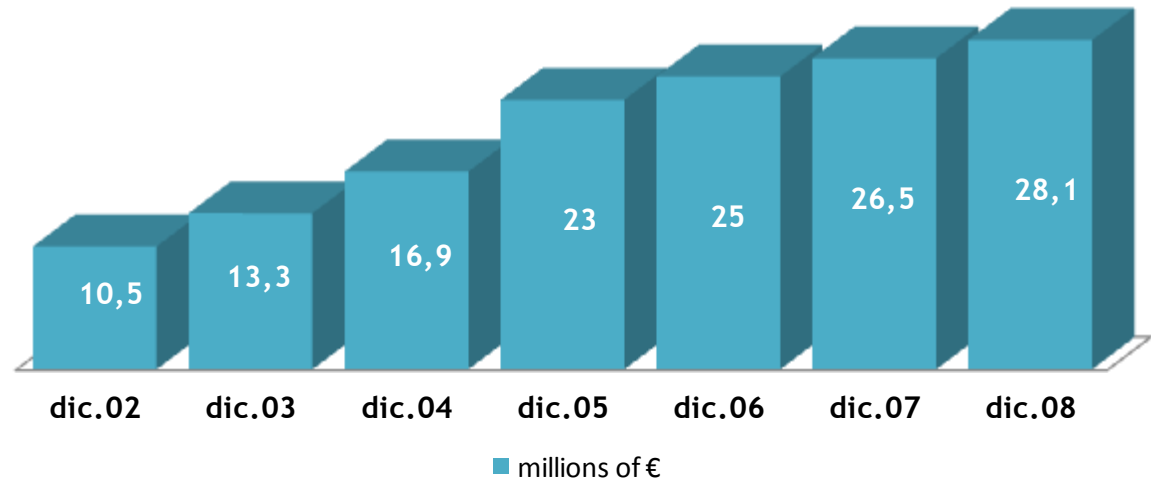
LIFT TRUCKS UNITS IN RENTAL FLEET

1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER



ASSETS IN RENTAL FLEET

1st STEP
FROM INDUSTRIAL PRODUCT
DISTRIBUTOR TO INDUSTRIAL
PRODUCT SERVICE
PROVIDER



**2ND STEP
FROM
INDUSTRIAL
PRODUCT
PROVIDER TO
RENTAL
SERVICES
COMPANY**

FINANCIAL CRISIS HAS HAD A
DRAMATIC IMPACT ON OUR BUSINESS MODEL



STRATEGIES: RENTAL COMPANY FEATURES

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

INDEPENDENT DISTRIBUTOR vs. RENTAL COMPANY

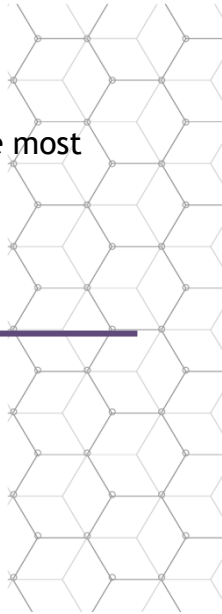
On one hand a Independent Distributor has several activities, on the other hand a rental company prioritizes the most value added activities that demand high investment and requires very good after-sales service.

INDEPENDENT DISTRIBUTOR

- Sales, Rental and After-Sales Activities
- Team of engineers repairs and maintains our own fleet
- One brand
- Territorial Exclusivity
- STR marginal
- Reduced financing needs 0

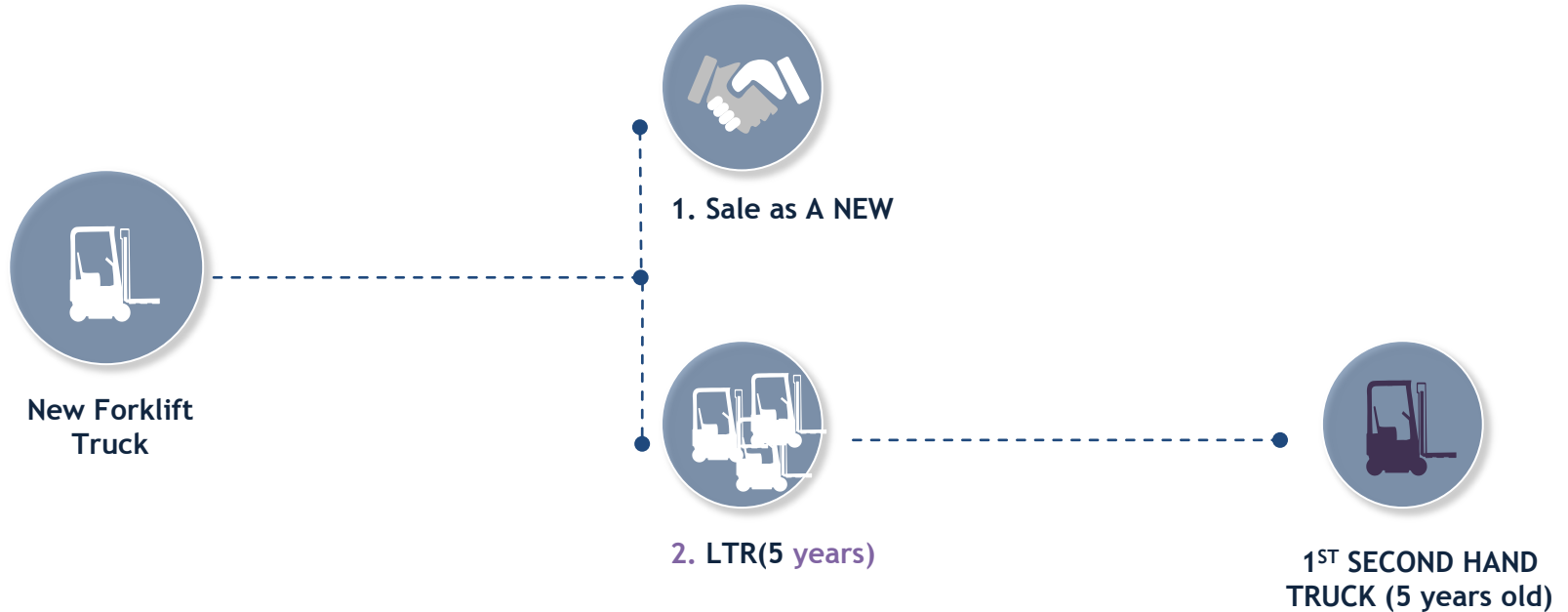
RENTAL COMPANY

- Rental and After-Sales Activities
- Team of engineers maintains our own fleet
- Several Brands
- No Territorial Exclusivity
- STR very attractive
- Significant financing needs



1ST GOAL: TO BE PROFITABLE IN RENTAL BUSINESS (LTR-STR)

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY



1ST GOAL: TO BE PROFITABLE IN RENTAL BUSINESS (LTR-STR)

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY



1ST SECOND HAND
TRUCK (5 years old)



3. Sale as "AS IS" 2ND HAND



4. Sale as REFURBISHED 2ND HAND



5. STR (3 years)



REFURBISHING PROCESS

PROFITABILITY THROUGH TO EXTEND THE LIFE CYCLE OF THE TRUCK

1ST GOAL: TO BE PROFITABLE IN RENTAL BUSINESS (LTR-STR)

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY



PROFITABILITY THROUGH TO EXTEND THE LIFE CYCLE OF THE TRUCK

2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

EXAMPLE 1: FORKLIFT TRUCKS REFURBISHMENT PROCESS



BEFORE



AFTER

2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

EXAMPLE 1: FORKLIFT TRUCKS REFURBISHMENT PROCESS

ULMA REFURBISHED forklifts
the **GUARANTEE** of a Leader

1. Process of Selection & Check in



2. Disassembly & Cleaning



4. Painting and assembly



3. Repair of components & bodywork



5. Check in & Last Inspection

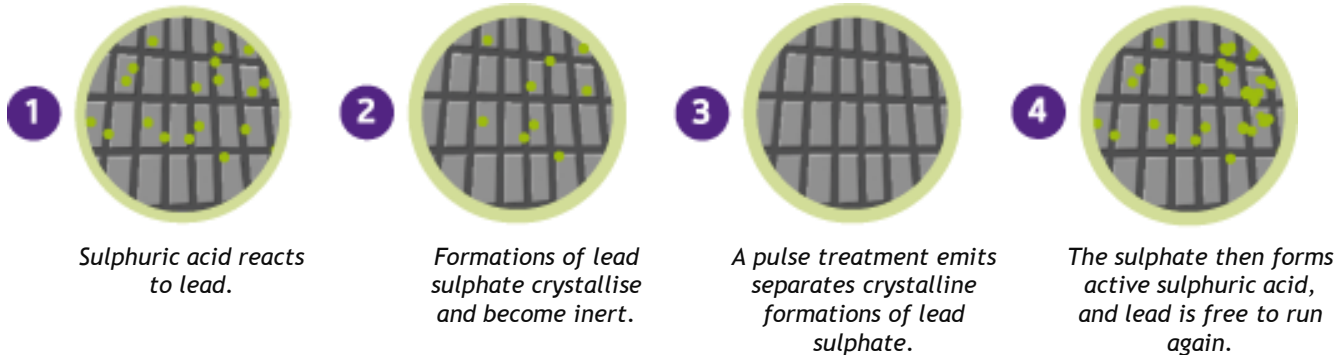


2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

EXAMPLE 2: BATTERY REGENERATION

Energy accumulators start to sulphate, since the very moment of their manufacture, and the process speeds up with every load. **Sulphates** become glass formations, and **cover battery cells, thus reducing the capacity of the battery** and even making it useless. The regeneration technology separates those glass formations from lead, and make the battery recover almost all of its previous capacity.

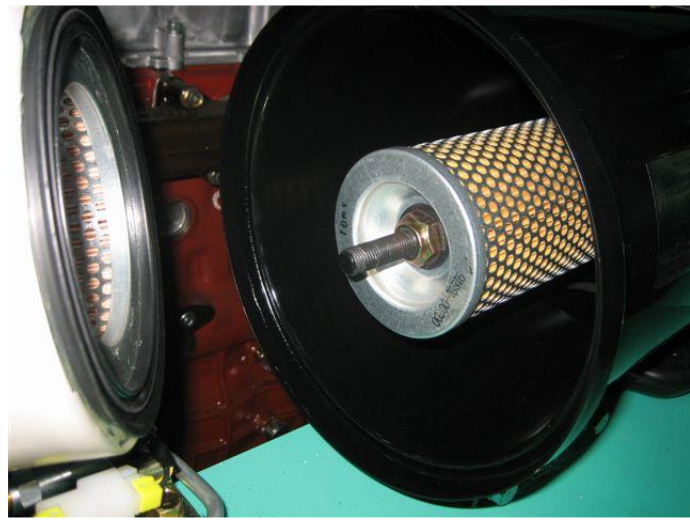


2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

EXAMPLE 3: SOME EXTERNAL ATTACHEMENTS TO EXTEND PRODUCT LIFE

DOUBLE CYCLONIC FILTER



DOUBLE SPEED FAN

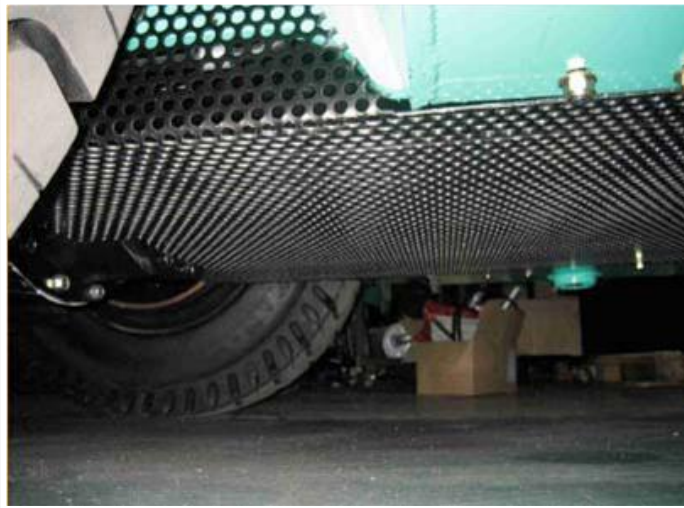


2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

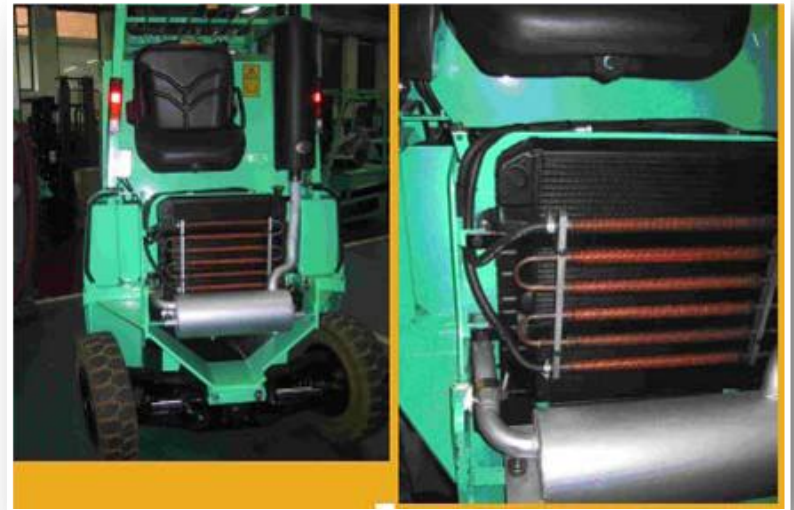
2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

EXAMPLE 3: SOME EXTERNAL ATTACHEMENTS TO EXTEND PRODUCT LIFE

BUTTON PROTECCIÓN



COIL TYPE RADIATOR (Serpentine)



2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

SAT ON LINE AND CENTRALIZED AFTER-SALES SERVICE MANAGEMENT

A screenshot of a technical service form with various fields and a signature.

2ND GOAL: EXTEND THE LIFE CYCLE OF PRODUCTS

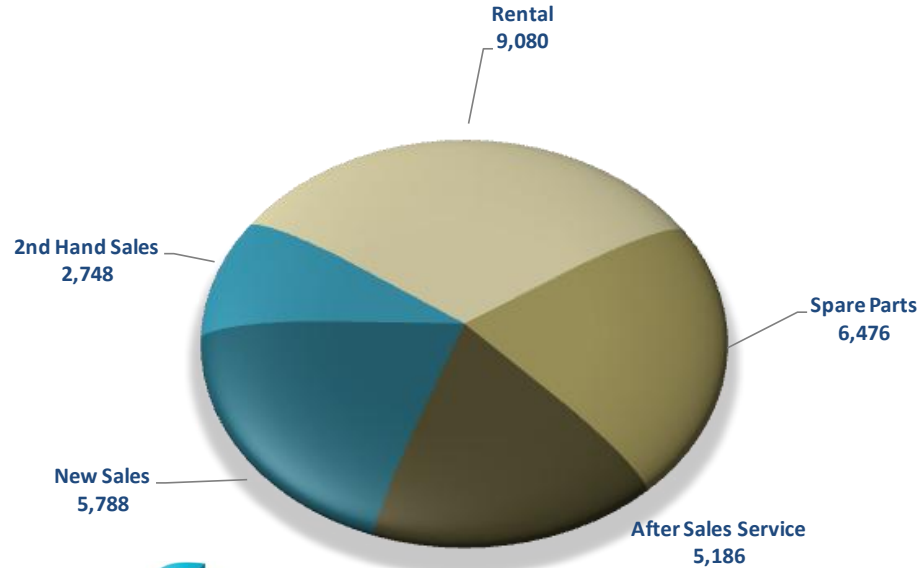
2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

DISMANTLE IN PARTS (USE 2ND HAND SPARE PARTS)



**2ND STEP
FROM
INDUSTRIAL
PRODUCT
PROVIDER TO
RENTAL
SERVICES
COMPANY**

TURNOVER YEAR 2015



Turnover = 29,278

(thousands of euros)

Total Machines: 8,536

(thousands of euros)



**TOTAL
MACHINES
29%**

**M.G.
1,490
26%**



Total Services: 20,742

(thousands of euros)

**TOTAL
SERVICES
71%**

**M.G.
4,286
74%**

CONCLUSIONS 2015

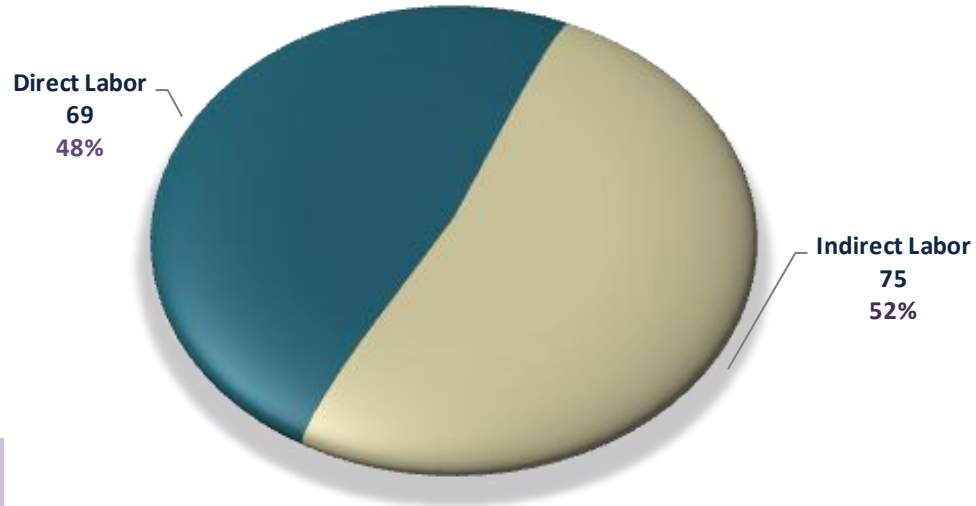
2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

- Three quarters of our business are concentrated in higher added-value activities
- However the gap in the Margin has been reduced
- Service Market (Aftermarket and rental) has tightened, mainly due to lower prices

PERSONNEL 2015

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

TOTAL
144 people



TURNOVER / STAFF:	203,3€
ADD VALUE :	71,4€

In 2015 sales per employee were 2,8 times higher than value added per employee.



ORGANIZATION STRUCTURE 2015

GENERAL MANAGEMENT

PRODUCT MANAGEMENT

- Logistics
- Workshop
- After-Sales Engineering
- Pre-Sales Service
- ICT Applications
- PLR

SPARE PARTS MANAGEMENT

- Logistics & Purchasing
- Multibrand Technicians
- Commercial Team

SALES & SERVICE MANAGEMENT

- After-Sales Coordination
- After-Sales Technical Service
- Commercial Team
- Network of Authorized Dealers
- ASC (call center)

FINANCIAL & GG.SS MANAGEMENT

- Accounting
- Economic-Financial Controller
- Personnel Department

N. of Jobs: 144

STATE OF THE ART

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

The increase of the rental business improves the profitability over sales, but NOT necessary the financial position



It needs the bank leverage to allow the increase in rental figures OFF balance



So, It requires ...

STATE OF THE ART

2ND STEP
FROM INDUSTRIAL PRODUCT
PROVIDER TO RENTAL
SERVICES COMPANY

A Financial Supplier to give MONEY & RATING

Taking a share of the benefits in our Rental Business besides the advanced tools as :

- Information over the profitability items ON TIME
- “Pay per use” innovative rental solutions
- CUSTOMER ORIENTATION
- Rental Fleet Management System (CbM - Predictive techniques)

Increasing the added value to the customer by the creation of a web portal with all the information required to control and manage the forklift trucks rental fleet.

