

DLL Offers Pay-per-use Solution to a Refuse Business to Help Expand Equipment Fleet



Setting the Stage

In order to meet an increase of customer demands, many companies are having to scale their equipment fleets, yet face capital challenges when doing so.

This case study explores how DLL's Pay-per-use solution enabled a large global refuse business to:

- Have vehicles off-balance sheet under IFRS-16
- Align cost and revenue through the implementation of a new payment model utilizing equipment usage
- Expand their equipment fleet to service more customers

Understanding the Challenges



In order to expand their fleet and offer new and existing customers sustainable waste disposal services, the business partnered with DLL to offer a solution that:



Gains insight into asset performance data through telemetry



Aligns the cost of their vehicles to when revenue is being generated

In the current environment, many businesses are facing pressure to shift to reduced emission or green vehicles.

However, upfront investment can be difficult to justify, especially when equipment/technology is new to the marketplace and requires additional infrastructure investments and a long-term commitment.

The Pay-per-use Solution

DLL's **Pay-per-use** offering is an equipment funding and management solution at the intersection of engineering and finance. It allows users to pay for productivity rather than carry fixed costs and high administrative burdens.



Here's how it works:

1 | DLL buys the vehicles from the manufacturer and finances the vehicles to the business.

2 | DLL bills the business based on the amount of vehicle usage, in this case per kilometer, with asset performance and route analysis data validated by telemetry. Each vehicle has its own usage target and forecast. As a result, each of the vehicles has an individualized and tailored price-per-kilometer billing metric. This metric was developed by considering the vehicle's historical data and detailed route analysis.

3 | DLL and the business review monthly usage by vehicle through proactive asset management. The Pay-per-use structure allows adjustment of the price-per-use of the vehicle based upon actual customer use and account dynamics. Higher or lower usage can lead to a price adjustment going forward.

Outcome

Since adopting DLL's Pay-per-use structure, the supplier has:



Increased visibility into their vehicles through active asset management, allowing fleet operators to make business decisions rooted in vehicle data



Reallocated capital budget to other areas due to vehicles being off-balance sheet



Gained greater alignment between vehicle cost and the revenue it generates



Increased the number of assets under the Pay-per-use structure after an initial pilot period

Whether driven by legislation or a desire to operate to certain environmental standards, DLL supports sustainable solutions and business models with a focus on marrying profitability for our partners with environmental and social benefits.

Interested in learning more?

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