

Flexible solutions are the future (and not just because of Corona)

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Are you feeling pressure post-crisis on how to efficiently manage your corporate fleet? Then you may want to consider opting for flexible solutions. Of course, flexibility is not a new concept. But it has particular relevance today. And beyond today: it is highly likely that flexible formulas will continue to benefit fleets well into the future.

With national lockdowns easing, companies are getting back to business. What do your corporate clients need most at this point?

As in any crisis, they want to refocus on their core business and maintain the continuity of their operations. Additionally, and particular to this crisis: employee health and security is a top priority.

As ALD Automotive sees it, all that translates into three types of needs:

- the need to take care of the health and well-being of employees – for example, by providing them with mobility alternatives to public transport, so they can maintain social distancing;

- the need to optimise vehicle replacement cycles. In other words: some new full-service leasing car replacements take longer to deliver, so alternative solutions have to bridge the gap;
- finally, and perhaps most crucially: the need to deal with uncertainty. Fleet manager want solutions that require less commitment on mileage and duration, reflecting the increased unpredictability they are dealing with themselves.

In what way are the current demands for flexibility different from the ones ALD Automotive has been dealing with before?

Of course, the need for flexibility is not new. Our customers have been asking us for more flexibility for years, and for various aspects of their leasing contracts: mileage, early termination, duration, complementary mobility services, pay-per-use approach, etcetera.

ALD Automotive has consistently developed new offers to respond to those needs.

We have, however, seen requests for more flexibility accelerate these past few weeks. Particularly relevant are the requests for *duration* flexibility which can be a real aid in uncertain times, but are also well adapted in more standard times:

- when companies cannot predict the duration of a project or an assignment;
- for organisations with seasonal peaks in their activity or when a company is launching a new product, for example, and is dependent on market response for the size of the fleet needed for its promotion;
- a flexible solution is also a good way to offer mobility to new employees during a probation period; or
- to trial new powertrains (hybrids and electric).

But won't these flexible solutions overlap and compete with the traditional full-service leasing product?

On the contrary. Full-service leasing typically covers periods from 24 months and upwards. These more flexible solutions can cover anything from 1 to 24 months. By offering customers a choice of vehicle categories rather than specific models, these formulas ensure a rapidly delivery of the vehicle when the need arises. Plus, they include the option to end the commitment at any given time, without any termination fees.

So, what you get is a very specific answer to a very specific need, which actually complements rather than competes with full-service leasing.

Which type of customer would benefit from flexible solutions?

This could benefit any type of corporate client, in particular those facing a risk of downsizing or restructuring. Not least those with large fleets: those fleets have a long-term component, but they also have short-term needs – including for probation periods of new employees, or for seasonal work, as mentioned earlier.

Corporate clients can also extend the use of flexible solutions through employee affinity schemes. This allows employees to access a dedicated offering should they wish to hire a vehicle temporarily to avoid public transport in the post-Covid-19 context.

Flexible solutions can also be a great fit for SMEs who need mobility but are reluctant to commit to a long-term leasing solution at this very moment.

Do you see a place for these flexible solutions in a long-term fleet strategy?

ALD Automotive thinks what is key here is choice. Fleet managers need to know that they have the flexibility to adapt their mobility policy based on their short, medium and long term needs. At the end of the day, they need to make sure their employees are on the move using the right mobility solutions with the best TCO. And in that respect, flexible solutions are an essential "tool" to have in your mobility toolbox", not just in a post-crisis context.

If you would like to find out more, contact your local key account manager.