



Renting instead of buying: flexibility on demand

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PES spoke with Hans Gatzemeier, CEO of ELA Container Offshore GmbH, about how to increase flexibility by renting their offshore mobile room solutions. This solution is proving more and more popular, as it means that once finished with, the containers can be collected. The pandemic has meant working in different ways, and Hans admits he has missed the personal contact at trade shows and looks forward to business resuming as usual as soon as possible.



Hans Gatzemeier

requirements and the product. Unquestionably, the impact of this digital format will likely continue after the pandemic, but for me, it has also highlighted the importance of personal contact.

PES: From this, can we assume that planning for trade fairs and events has once again resumed at full speed?

HG: Absolutely. This year, we will be at SPE Offshore Europe in Aberdeen between 7th and 10th September and with a stand at Offshore Energy in Amsterdam, which is scheduled for 26th and 27th October.

PES: It's great to hear that and we look forward to finally being reunited there! If media reports are anything to go by, it would appear that ELA Offshore has been kept very busy despite the pandemic. Nowadays, we're hearing and reading time and again about the various uses of your containers.

HG: Yes, there is an extremely high level of interest in portable and container-based multipurpose spaces for offshore use. We've experienced tremendous demand for temporary rental solutions in addition to permanent and long-term solutions.

PES: Could you briefly summarise the advantages to renting mobile accommodation?

HG: There is a clear advantage to rental containers; our customers can quickly cover any requirements for additional accommodation in the period for which it is required. Once the customer no longer requires the container, they can notify us and we'll pick it up. This means costs are only incurred during periods when the container is actually used. In line with our motto: 'Flexibility on demand'.

PES: Is there a particular type of container used for this purpose?

HG: We primarily use the 20 ft ELA Offshore Accommodation Container, Type:

PES: Hi Hans, it's great to hear from you and your team once again. It's been around 6 months since we last spoke and the pandemic certainly hasn't made things any simpler in the industry.

Hans Gatzemeier: Many thanks, and yes, I think the last report was in November 2020. At that point we thought the end of the pandemic was in sight, but here we are still in the midst of it. Vaccinations have provided the light at the end of the tunnel for us. However, we will most likely be required to continue to be patient.

PES: You have maintained a strong presence at trade fairs and events despite the situation. As these were mainly digital, I'd be interested to learn whether you believe these virtual formats are a promising alternative?

HG: I personally find virtual events a little impersonal. I find there are a lack of interpersonal connections, small talk, sharing a joke, shaking hands, or just grabbing a coffee. In short, it's easier to get to know your conversation partner face to face. It's then possible to take a more targeted approach towards their



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Allrounder, for rental purposes. Thanks to its size of approx. 6 x 2.5 m, this container is smart, easy to handle and doesn't take up too much space.

The range of various fittings and a wide portfolio of accessories such as stairways, gangways and tanks can transform individual containers into a self-contained village. These modules are easy to install and deinstall with the ELA Plug&Play system.

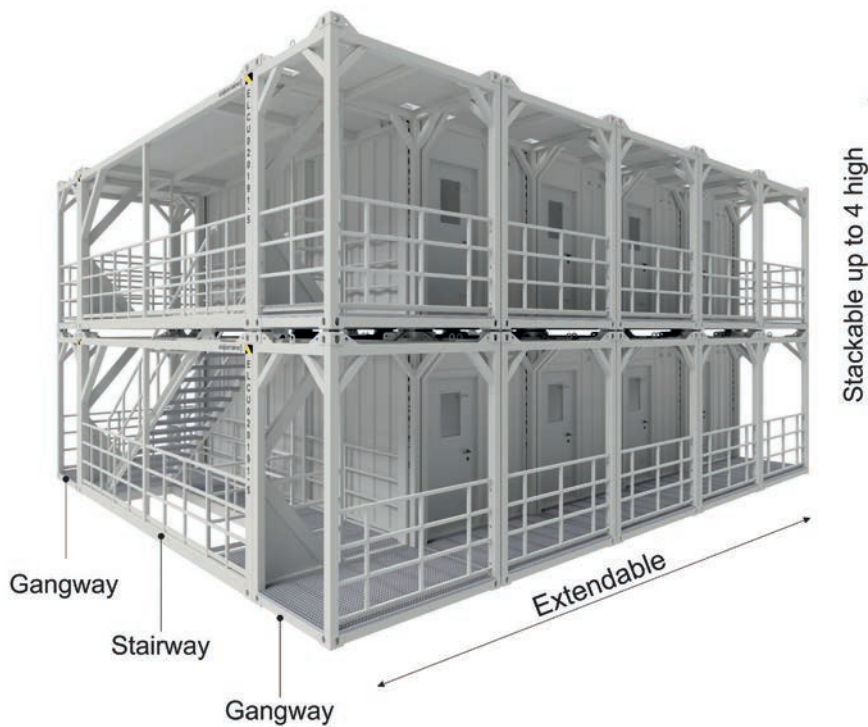
PES: How large is your rental stock at present?

HG: We currently have just over 700 different modules and accessories available to rent. Our inventory constantly changes, due to weekly deliveries and returns of units. The returned containers then undergo a technical inspection and are thoroughly cleaned.

PES: How long is the average rental period?

HG: Our containers are typically rented for a period of 2 to 8 months. Although certain contracts have been concluded for rental periods lasting over a year. We're also often asked by customers, whether they can subsequently buy the containers and whether their prior rent payments can be taken into account for the payment.

PES: That's understandable, as at some point, the rent payments must cover the full price of the containers.



HG: That's true, but when you rent an apartment, it also doesn't become your property after 10 or 20 years. Perhaps it's best to explain the renting business model as follows:

- The lessor invests in a product that he intends on subleasing.
- He attempts to offset the investment costs incurred within a certain period using a rental fee in line with the market.
- The rental object only makes money for the lessor once these investment costs have been covered.

As you can see, it would not be beneficial to the lessor to sell the rental object during the payback period, unless it is sold at a higher price. However, we explain this to our customers in advance.

PES: That's a great and clear way of putting it. At what point is a container considered paid off for you?

HG: Thank you for allowing me to explain that in depth, as this situation often arises. The payback period for a container is approximately 4-5 years. We calculate this figure on the basis of an average utilisation rate of approx. 60% throughout the year.



‘Constant product availability, quick processing, professional advice, reliability, sincerity and flexibility coupled with top quality is our long-standing motto.’



Meaning that each container is stored at our facilities for 40% of the year. These periods of low-utilisation are primarily due to breaks in rental periods, bad weather in autumn and winter, supply and demand.

Furthermore, prior to delivery, each container undergoes a technical inspection, is cleaned and equipped according to the customer's requirements for certain uses, where necessary.

PES: That certainly sounds like a lengthy and costly process.

HG: That it is. Particularly in light of the fact that we are often not aware how a product will perform on the market initially.

However, at this point, it's important to point out that we have gained extensive experience in this field.

ELA Offshore has supplied products to the offshore market with resounding success since 2014. We are a part of the ELA Group with over 950 employees and over 40,000 rental containers, and will be celebrating our 50th anniversary next year.

PES: Congratulations! To close, could you provide one final statement on what makes ELA Offshore so unique?

HG: Constant product availability, quick processing, professional advice, reliability, sincerity and flexibility coupled with top

quality is our long-standing motto. It has enabled us to build an extensive and happy customer base, something we value highly.

PES: Many thanks for this interesting insight into your business. One final question: Is it also possible to purchase all products? Or are they only available to rent?

HG: All ELA products can also be purchased. The topic of individual offshore space requirements for long-term use is rather comprehensive. I would be glad to discuss this in more detail in your next issue.

PES: Absolutely, we very much look forward to hearing more from you.

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