



Dealers can make money from excess inventory

New car sharing app allows dealers, fleet operators to earn money with idle vehicles

By Ian Porter on 12th May 2016 | Fleet and Leasing, Marketing | Dealers, DriveMyCar, Rental



CAR dealers caught by a sudden increase in registered cars on hand as well as growing used-vehicle inventory and fleet managers seeing a reduction in staff levels can now earn money from idle vehicles over a period as short as four days.

This is yet another take on the latest rush of internet applications that are connecting people who need immediate access to vehicles with car owners who want to maximise the use of their vehicles and business owners sitting on under-utilised cars

The recent Australasian Fleet Conference was told about a car-sharing app, DriveMyCar, which has been designed to pair up drivers with idle vehicles. It was claimed there are no paperwork hassles with driver's licences, insurance and misrepresentation for the car renter.

The car-share company started out with a focus on renting deals between individual private parties but has now broadened its scope to pair individual renters with businesses that have idle vehicles.

While this side of the business is early days, DriveMyCar has signed deals



Chris Noone

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with new-vehicle importer Ateco Automotive and a Melbourne Nissan dealer. Ateco wants to get its Chinese LDV vans on the road to build recognition and the Nissan dealer wants to generate revenue with its used-vehicle stock.



DriveMyCar is owned by stock exchange-listed Collaborate Corporation (CC) and the company's chief executive Chris Noone told the fleet conference that DriveMyCar fitted into the middle of the vehicle/mobility market.

The mobility market starts with ride-sharing apps such as Uber, car-sharing apps including GoGet, which rent cars for a few hours or a day, and traditional vehicle renters. At the other end of the market there is leasing or purchase.

By offering rental periods from four days to 365 days, DriveMyCar fits between the traditional rental companies and leasing, Mr Noone said.

At the moment it has a fleet of vehicles on its books valued at \$14 million, but it does not own a single vehicle, he said.

"What we do is solve a mismatch between supply and demand. If you are a fleet owner with too many cars sitting in your car park doing nothing, that's costing you money. It's a wasted resource," he said.

"You've got limited options for solving that problem. You could sell the vehicle or cancel the lease. There are costs in doing that, and demand could go up in

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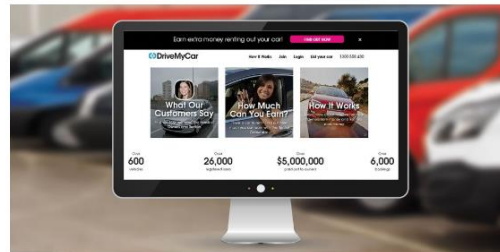
And it's not just managers of under-utilised fleets that could use DriveMyCar, Mr Noone said.

"On the other side, there are fleet managers who have not enough vehicles for the demand they have. They could say they are 100 per cent utilised and that's great, but they might also be missing out on business opportunities as well."

The difficulties for corporate fleets in taking up the DriveMyCar option are that they are not rental operations, and do not have the foundations on which a rental business is built.

"How do you monetise those assets, how do you find customers? It's not easy. You're not a rental business, it's not your core capability. And will your existing insurance cover that? Probably not," Mr Noone said.

"It's also pretty high risk if you don't do it well."



Mr Noone said engaging with individuals and other companies you haven't worked with before would require comprehensive checks and balances to



ensure the vehicle is going to be looked after.

"And how do you manage the handovers?"

DriveMyCar handles that side of the operation, he said.

"Our platform incorporates identity checking. We go to the state attorney-general's department using the document verification service. We can verify drivers' licences, passports and Medicare cards.

"We do credit checks on every renter who rents our vehicles. We see credit checks as a really good proxy for trustworthiness."

Mr Noone said this verification process was the key to DriveMyCar's business model.

"Trust and reputation are really important for us. We do not want to get a renter into your car that is not going to look after the vehicle.

"We think we do more than any other peer-to-peer business to make sure we are getting good customers in vehicles. We do that because we know that we can make more money that way. We have fewer issues to deal with, we will retain our owners in our network for longer and also we build a much bigger market place."

Mr Noone said that DriveMyCar rentals were on average 62 per cent cheaper than traditional rental deals and that, if a vehicle was rented for 12 months, the renter would receive 42 per cent of the vehicle's market value in revenue.

"If we've got it in a premium location or our competitors are pushing their prices up, as they are doing a lot more now, you can earn more than that."

Mr Noone said DriveMyCar had so far chalked up 200,000 rental days and paid more than \$5 million to vehicle owners. There are more than 26,000 accredited users on DriveMyCar's website.

He said the company was also striking up some novel relationships with other companies.

DriveMyCar and Ateco have combined to allow renters access to new LDV commercial vehicles from China.

"This is great exposure for a new brand and a new model, but we are also providing good value for money.

"These brand-new vans are available at \$59 a day. In the Sydney market at the moment, to rent a clapped-out HiAce is costing \$80 to \$100 a day. And we have increased our normal price for these LDV vans because the market prices are so distorted.

"We think there is a lot more value that should be offered in this market."

In addition, DriveMyCar has struck a deal with a Melbourne Nissan dealer and rents used Nissan vehicles out of the old Europcar site near Tullamarine airport.

"This site gives us the advantage of having handovers available from 7am to 11pm at night. We have storage, shuttles running to the airport, so it's a total outsourced handover location and we've got capacity for multiple vehicles in that area."

By Ian Porter

