



Adaptable to customer requirements



Alphabet

Alphabet, the multi-make fleet and leasing company, is part of BMW Group. It is now based in 15 countries, serving both national and multinational fleets, and has developed a network that it claims is adaptable to local market and individual customer needs. Ken Rogers met Karl-Heinz Kral, head of Alphabet International, at IAA Frankfurt.

'WHEN THE WORLD'S largest and most important trade show in the automotive industry focuses on the issue of sustainability, it shows

that we are moving in the right direction,' says Mr Kral. 'With our sustainable fleet management approach, we are already travelling the road to a holistic view of the vehicle fleet. The objective in this connection is to estab-

lish a correlation between efficiency aspects and environmental considerations. As we see it, fleet management that embraces economic and ecological responsibility goes far beyond what can be summed up by the term "Green

Fleet", alone. Ultimately, we are striving for the responsible use of all resources that are relevant throughout the entire lifecycle of a fleet vehicle.'

Alphabet is growing fast. In April, Alphabet acquired LHS Leasing-und Handelsgesellschaft mbH and DSL Fleetservices GmbH in Germany, resulting in a combined portfolio of more than one quarter of a million units under management. Established in 1997, the company is present in Australia, Austria, Belgium, Denmark, Finland, France, Germany, Italy, Mexico, the Netherlands, Norway, UK, Spain, Sweden and Switzerland. Established in 1997 in Great Britain, Alphabet's international headquarters is located in Munich, Germany.

'At the end of 2005 we had around 138,000 units in our portfolio whereas today we have more than 250,000,' says Mr Kral. 'So, within eighteen months we have made great steps forward - and we now have coverage in fifteen countries. We have added Denmark - so have full coverage of the Scandinavian markets - and in April this year we started our business in Mexico - which is a growing country with a stable economy - for that part of the world. Mexico is similar to much of Europe when it comes to fleet management. This gives us strategic opportunities to learn more about the American continent and

to expand our business there.'

He explains the importance of the move into Denmark. 'Denmark is the 13th country in Europe, and 15th overall. Launching into Denmark demonstrates our commitment to provide first class services internationally to our customers and partners.'

He says the goal is to establish an economically viable Alphabet operation on a pan-European scale, serving existing and new international customers. He adds, 'More and more companies are looking for an international solution that covers every market and reduces their own involvement in terms of time and investment. Therefore, we are taking a step further towards offering this comprehensive solution.'

As part of its recent expansion, last year Alphabet took over the two companies in Germany. 'This was a major step, because it brought us to the next stage in our development - to the position of being a major service provider in Germany - and throughout Europe. We have always made it clear that we wanted to grow in this business - and we have proven that we can do that. But, as well as taking over these companies, we have enjoyed stable growth - which is also very important.'

In the UK, there is an increasing trend towards the fleet industry being targeted by CO2-related taxation of company cars. Does he find a similar situation developing in other parts of the world? 'The UK, France and the Netherlands are the main drivers towards this. But almost every country is discussing moving towards this. There is also increasingly road-pricing or congestion charging - certainly in London and Stockholm. There is also discussion in Germany to decide which cars will be allowed to drive into a city such as Munich or Frankfurt. The difficulty for us and our customers is that there is no sign of any harmonised development throughout Europe. Every country tends to change its legislation or taxation system but

there is no harmonisation of the levels or the direction. This is really a challenge for fleet management companies such as Alphabet, working in many different countries and trying to give the best advice to their customers.'

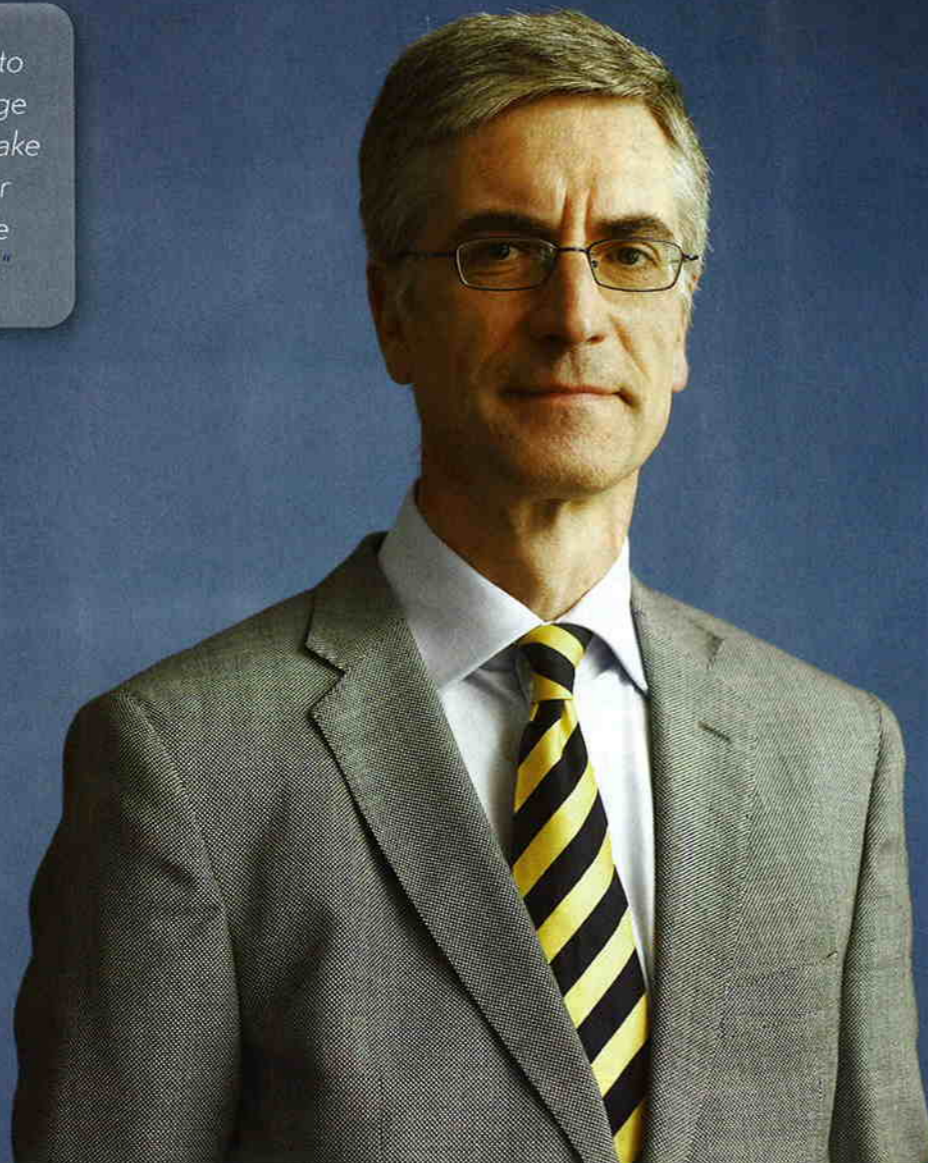
He says that the car manufacturers themselves are working towards reducing their CO2 emissions. 'For example, 40% of BMW product portfolio produces less than 140g/km. Also, we will see solutions over the next few years which we cannot take into account today. It's an ongoing discussion - but it's only the tip of the iceberg. What we see more and more is an ongoing, stable discussion about sustainable fleet management. So, on the one hand, there are some threats but on the other hand there is also a chance for leasing companies to deliver added-value by directing fleet management in the right direction for the future.'

'We have to face the situation with a clear mind and give clear direction to our customers as to what kind of car policy is appropriate to their company. For example, to only consider hybrid cars is not necessarily the right solution if drivers cover high mileages and long distances. We have to decide the right balance of diesel, petrol and hybrid.'

'We also have to account for residual value developments and CO2 emissions. And, it's increasingly important to consider the driver of the car in terms of mileage and fuel management. All these factors drive the costs of a fleet. CO2 emissions are only one element in the equation.'

He concludes by saying that for a company such as Alphabet, all these things provide opportunities to provide additional support to customers. 'The challenge for us is to not only look at the badge of a car. It is essential to take a broader view in order to take into account the environmental aspects - and also the economical and social aspects relevant to a company.'

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KARL-HEINZ KRAL

Head of Alphabet International