

ONLINE

VTG ready for construction upturn



A recent upturn in UK building projects has brought about a sharp increase in demand for VTG Rail UK's fleet of cement, box and hopper wagons. As the construction sector gradually makes progress, climbing towards pre-crash levels of output, Online takes a look at rail freight's involvement.

Award winning VTG, the country's leading provider of rail freight wagons, has over the years developed expertise in many sectors, gaining detailed understanding of different markets and issues, of supply and demand, of rules and regulation.

Supplying rail wagons for the movement of construction materials has always been a core activity for VTG. According to sales and marketing director Ian Shaw, construction sector customers, like many others, demand high levels of reliability and availability.

"These are key requirements for customers who want wagons when and where they need them and to move trouble free to the destination," he said. "At VTG we have been working hard and have established a new maintenance regime to make sure customers are not disappointed."

"However, it's a two way street," said Ian. "We too need clarity, especially regarding what the sector expects from rail freight if we are to achieve better planning and investment budget provision for assets that are often to a bespoke design and have a long economic life."

With the aggregates market being more unpredictable than, say, cement, things are not always as clear as they could be. However, we recognise that this is equally frustrating for our customers as well.

The aggregate market is currently buoyant but at the low point of the recession, VTG's fleet of construction specific vehicles had a utilisation rate of just 70 per cent. "When the aggregates traffic dried up, a large part of the wagon fleet was redundant," said Ian.

"Whereas aggregate wagons such as boxes and hoppers may, on occasion be more readily available, cement requires significant commitment in terms of the specialist nature of the equipment used, meaning higher levels of capital expenditure and consequently needs long term contracts in order to make investments viable," he explained.

The latest and predicted business growth figures are an indication of the confidence beginning to flow throughout the construction industry and are reassuring.

"Even better news is that it would appear the growth looks more than a temporary blip."

According to recent figures demand for construction materials is expected to grow by around 3-5 per cent over the next 18 months. Producers are reported to be looking to increase the amount of traffic moved by rail, with one cement company predicting a 50 per cent rise in its use of rail.

Construction firms are recording rises in forward looking indicators such as orders and enquiries. Private residential and commercial building is looking positive and when coupled with long term railway projects such as Crossrail, Thameslink and HS2 it would seem activity is due to continue rising throughout 2015 and beyond.

Indeed, Network Rail figures predict an upward trend over the next 20 years.

As the UK's market leader in the provision of freight wagons of all types, VTG will need to be on the alert as the economics of the construction sector improve and the moves to get it to develop, agree and articulate a clear vision of its requirements for the rail sector bear fruit.

Ian concludes: "We have over the years listened and developed wide ranging appreciation of the challenges presented, not just by the construction industry, but also by other sectors. Wagons such as our latest hoppers designed specifically for marine sand and our aluminium bodied cement wagons have been well received by the industry, providing distinct economic efficiencies as well as solving long term operational challenges. We believe we have the right blend of resources and skills to meet customer demand."

"We can supply new, purpose built wagons," he said, "or modify existing vehicles to meet customer requirements, with flexible leasing arrangements for short and long-term hire," explained Ian.

"Our popular purchase and leaseback offerings and our ability to facilitate additional services like loading, discharge or haulage has made us the first choice for independent wagon provision."

We intend to stay number one in the UK by continuing our partnership with industry to create wagons that suit their needs.

Ship to shop

What we buy in the shops and online both affects and is affected by the world of freight logistics and influences decisions to, for example, invest, design and build Ecofret wagons. Online takes a look at how imports go from ship to shop.

The VTG Ecofret container carrying wagon is without a doubt a product of a modern society, designed specifically with the customer's needs in mind, offering greater capacity on intermodal rail services.

This matters because changing purchasing options place different physical and economic demands on the UK supply chain.

Greater consumer choice coupled with more disposable income and the disappearance of a manufacturing base in the UK means there has been a shift in where things come from and how they are moved.



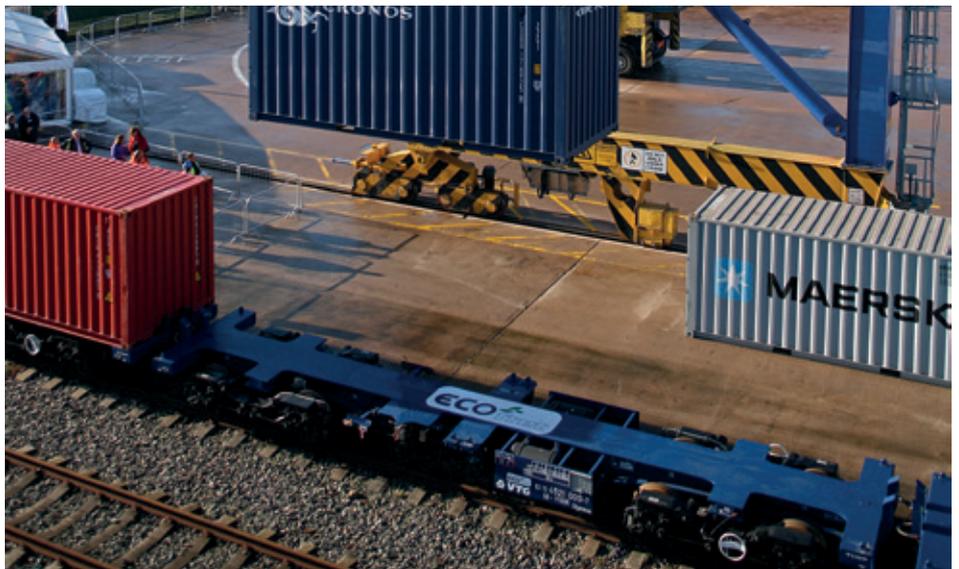
The Christmas 2014 cycle started with the big stores and outlets making decisions in December 2013 on what is likely to be selling today.

Months of planning, analysing trends and order placing, precede stores such as Argos and Debenhams bringing into the country South Korean Samsung phones, Panasonic microwaves from Japan and Chinese-built Apple iPads, along with mountains of toys, clothes and other items destined for sale throughout Britain.

Once purchased, these products will be put into predominantly 40 foot-ISO containers for export to the UK by shipping companies such as Evergreen, MSC, Maersk and K-Line.

Typically "Christmas" comes into the country between August and October.

The maritime giants bring in thousands of



containers into UK ports, especially through Felixstowe and Southampton, for onward transportation to distribution hubs around the country.

With around 25 per cent of all imported containers being moved from the port by rail, there needs to be close liaison between the importers and the freight operating company commissioned to move the containers as they satisfy customs and ensure paperwork is in order, especially if dangerous goods are involved.

From there the freight operator will seek to fill every train, allocating space for the containers until the train is full.

This is where the Ecofret comes into its own.

The efficiency of the Ecofret means that more 40 foot containers – now predominant in the deep sea shipping market – can be carried per train, offering an improvement of up to 32% in the number of containers carried compared to a similar length of train

using older, less efficient wagons.

The consequent elimination of large gaps between containers reduces turbulence and hence improves fuel consumption.

The loaded trains take the containers from the ports to hubs such as Hams Hall in the West Midlands or Trafford Park, Manchester where they are taken to their final destination by road.

With tight budgets, this makes the Ecofret attractive both economically and logistically. The more containers that can be moved on a train, the lower the operational costs.

According to DfT's quotes "National Policy Statement for Ports-2012", the UK's ports are expected to see demand for container shipments almost triple by the 2030s, increasing to around twenty million 20 foot equivalent units (TEUs). Since 2005 the ports of Felixstowe, Southampton, Liverpool, Tees Port and Bristol have all been granted planning consent for additional capacity (circa 1.5 million TEUs each) and DP World has opened a new rail-connected container port on the Thames (London Gateway).

With the additional strain that this will inevitably place on the UK's rail network capacity, greater efficiencies such as those provided by the innovative Ecofret wagon will be essential in ensuring that imported goods reach their final destination on time. So with Christmas arriving in late summer the containers coming into the country today are full of January sales produce.

And as the big retailers prepare for Christmas 2015 VTG is working hard to bring more Ecofrets into the market.

Reliability matters

Having a wagon fleet that's available where and when it is needed and keeps going once it's on the move is a VTG priority.

Giving customers the confidence that VTG wagons won't let them down is the basis of the company's customer service policy, which is to do whatever is possible to exceed contractual availability and reliability levels.

According to Maria Connolly, VTG's Service

Delivery Manager, the now well-established Ecofret wagons are a good example of the policy in action. "The first fleet of Ecofrets has proved to be incredibly reliable," she said. "They have clocked up an amazing 12,700,000 miles of fault free running, roughly the equivalent of travelling around the earth 50 times.

"That level of service is what our customers expect."

Commercial news in brief

AAE acquisition

VTG AG has agreed the acquisition of wagon hire company Ahaus Alstätter Eisenbahn Holding AG (AAE). The merger strengthens VTG's position as the largest private wagon hire company in Europe, with a fleet consisting of around 80,000 wagons. The main focus of the newly acquired fleet is on combined transport wagons which in turn rounds off VTG's wagon and service range in Europe and closes a vital gap in its product portfolio.

"Acquiring AAE represents a major strategic step forward for our company", explains Dr. Heiko Fischer, CEO of VTG Aktiengesellschaft. "The merger of two innovation leaders will lead to the establishment of the only single-source provider of all essential wagon segments for rail freight transportation throughout Europe. This will open us up to new customer groups and allow us to continue to address the market segment



with the strongest growth potential. Both the shipping industry and rail companies can equally benefit from our products and services."

AAE is a leading provider as a rental company for combined transport services. "Combined" or "intermodal" transportation refers to all forwarding and transport operations which involve the same loading units, e.g. containers, by rail combined with other modes of transport. The combined transportation market continues to grow considerably and experts forecast that

demand will double by 2030. Around 30,000 AAE wagons will be added to VTG's existing wagon fleet, which consists of more than 50,000 wagons. The average age of the AAE wagons is approximately 15 years which is significantly less than the average age of the VTG fleet, which currently stands at 23 years. AAE is active in 24 countries throughout Europe and Russia.

AAE is based in Baar, Switzerland. In the group around 135 employees generated a turnover of more than EUR 200 million in 2013.

Shake on it! Ecofrets for GB Railfreight handed over.



Rob Brook, left, with Jim Macfadyen of GBRf.

Sam's getting along swimmingly

VTG's Year in Industry (YINI) student Sam Hunt believes that having been thrown into what he describes as the "deep end of the working world" he has quickly learned to 'swim'.

Sam, currently in his 3rd year at the University of Leicester, is studying mechanical engineering. He is enthusiastic in his support for the YINI programme.

He said: "It's an invaluable experience that I recommend any aspiring and dedicated engineer should take part in. The programme gives you a real insight into the working world by giving you mentors who are more than happy and able to guide you successfully."

Sam's projects have included the investigation into the structure of Schlieren bogies, designing a methodology for testing brake blocks and performing fleet checks up and down the country.

"I feel I am gaining priceless knowledge about the railway industry both in engineering and in logistical terms," he said.

"Another project which I haven't yet started but can't wait to get my teeth into is the revolutionary transformation of our maintenance structure using FMECA (Failure Modes, Effects and Criticality Analysis) techniques which are widely used within the aviation industry."

Ambitious Sam explains that he has clear objectives for his year.

"I wanted to come out with an improved knowledge of engineering, and a view of how to fit into the working world.

"In my first few months working for VTG, I feel I have been very fortunate to gain

the trust of my line manager early on and through working with the great team of staff here and being extremely fortunate to get my hands on some real engineering projects, I feel I have already completed these goals."

He concluded: "Another thing I wanted to gain from my year in Industry was a some clarity about myself and my career ambitions.

"Through VTG, I really have found that there is only one career path for me, and that is engineering."

Sam's relishing being in at the deep end.



To Mo or not to Mo?



Can you spot the real facial fuzz? An iPod for the first name out of the hat with the correct answer to the question: which of the above have a real 'tash? Send answers to: caitlin.lippitt@vtg.com

With hair thick but the insults thicker the now world famous Movember campaign reached the fearless moustache cultivators of VTG UK Rail.

A number of VTG's menfolk decided to take part in the Movember Foundation's men's health awareness charity campaign by not shaving their top lip.

With no 'miracle grow', nature had to run its course but it wasn't all plain sailing - many people inside and outside the company had comments about their efforts.

"I've been told I look like, well, something unprintable," confessed one Mo-man. While some compared their new, hirsute looks to those of the 1970s others developed an overwhelming desire to listen to the Village People.

But it's been worthwhile. As Online went to press an impressive £1,155 had been raised thanks to donations from industry colleagues and friends. You can donate online at <http://uk.movember.com/team/1921773>

A day in the life of a fleet controller

This is the first in a series of profiles of people who work behind – even not so behind the scenes – at VTG. Our first is a VTG Fleet Controller

Martyn Catlin is a VTG Fleet Controller for one of our biggest customers – GB Railfreight.

Unlike other controllers Martyn is co-located within the customer's own team, in this case alongside the GBRf operations team in Peterborough.

With no two days ever seeming to be the same Martyn describes a 'typical day'.

"The railway is a 24/7 operation so when I walk into the office to start my day, I'm always prepared for any 'fire fighting' that may need to be carried out straight away to overcome issues from the previous night.

Assuming everything has gone to plan during the night the first task is to check the national computer system called TOPS (Total Operations Processing System) for any changes to the wagon fleet.

The wagons are set up in Pools so one by one I go through each Pool checking for any defects that may have been reported as well as checking for all the routine maintenance which is approaching.

Once TOPS has been checked and any actions taken, the key report of the day is provided by Wabtec who maintain VTG's GBRf fleet. This provides an update on the status of every stopped vehicle including those which are stopped for routine maintenance.



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Having cross referenced TOPS and the daily sheets from Wabtec I update VTG's own system which keeps very detailed information on the status of each wagon in the whole fleet.

I then advise GBRf's ops team what vehicles may have been released from maintenance and are available.

There will also be wagons that need to be withdrawn from service. Jointly, traffic

patterns are examined, opportunities identified and shunt plans devised for either adding or withdrawing vehicles from service.

Working in the busy Control Room alongside our customer means I learn first hand of what is happening operationally out on the railway. This allows me to sometimes spot opportunities which may arise and also head off potential problems which can develop."

PWF – helping to keep wagons rolling

It's not an organisation with a high profile or necessarily a desire to have one, but those who deal with the UK's PWF know the value of its experience, knowledge and expertise.

Established in 1977, the PWF is the trade association for companies with an interest in freight wagons. Its secretary general for the last four years is the experienced career railfreight engineer David Barney, while chairman is VTG managing director Rob Brook.

Rob offers advice and an experienced commercial viewpoint to David who leads on the PWF's key work, which is to protect and forward the interests of the UK's railfreight wagon sector, not least trying to stay abreast of, and wise to, the various legislation, rules and regulations that emerge from the European Union (EU).

In doing so, David liaises with all the relevant players in the freight wagon world including freight users or operators, suppliers, engineering maintenance providers, wagon builders, Network Rail, Office of the Rail Regulator, the Department for Transport, EU agencies and UIP (the European trade asso-



ciation for national wagon trade associations).

David has been working, for example, on the implementation of recent EU directives and legislation such as the Entity in Charge of Maintenance regulation, which requires every railway wagon to have a clearly identifiable and certificated maintenance management entity.

He said: "Other topics to have emerged in recent years include the European Union Railways Interoperability Directives, which require the publication of mandatory EU-wide Technical Standards for Interoperability or TSIs.

"Interoperability," David explains, "is intended to harmonise the technical compatibility of infrastructure, rolling stock, signalling and other rail systems, plus procedures for the authorisation of use of rolling stock across the European Union's rail network.

"Over the years national rail networks have developed different technical specifications for infrastructure, loading gauges, electrification standards and safety and signalling systems all of which make it more difficult and more costly to run a train from one country to another. Specific EU legislation exists to endeavor to promote interoperability and minimise such differences."

There are many who say the UK has always had a perfectly adequate set of standards and maintenance regimes and that EU requirements could be costly and unnecessary.

David points out that we have no option. "We can't disobey the law," he said. "We must not ignore the decisions coming from the EU. Rather we must influence the law makers in order to maximise the benefits for our members and the UK as a whole."

Greetings from 'The Island'!



Roman Becker, right, seen here with Ian Shaw, Paul Lugg and Caitlin Lippitt, works with VTG Hamburg and is also a student of an International Technical Sales Management course. He has spent the last 5 months in the UK and shares his thoughts on the difference between here and Germany.

Globalisation, internationalisation of markets, and intercultural aspects and differences are not unfamiliar expressions for most people nowadays. They have become rather more commonly used, especially as part of the language talked by future-orientated companies.

However, it is not just companies that have recognised this trend – Universities, have also started to broaden their “product portfolio” by offering customised and internationally orientated study courses. My course of studies (International Technical Sales Management) is part of this new sector, and furthermore includes a semester abroad (in a non-German speaking country) coupled with a work placement.

As an employee of VTG, my decision about the company and the destination for my work placement was quite clear – VTG Rail UK!

I would spend 19 weeks of my 5th semester with VTG Rail UK in Birmingham and support the Sales and Marketing team during this time.

Upon my arrival on 11 August 2014, I was warmly welcomed by our English colleagues in the Birmingham office.

VTG Rail UK contains 16 permanent employees plus one engineering student who is staying with VTG for one year. The organisational structure contains six main areas of responsibility as follows: Sales and Marketing, Engineering, Asset Management, Service Delivery, HR & Administration, Finance & Controlling.

Because of the manageable team size and the open plan office there is a permanent and interactive communication between work colleagues, and therefore also between all relevant responsibility areas. The teamwork as well as the atmosphere within the team is “more relaxed” in my opinion than in Germany, not only because of the familiar climate in the office – fans of British Humour will definitely get their money’s

worth because ‘banter’ is an inherent part of every single working day.

But as ‘relaxed’ the atmosphere in the office might seem, when it comes to business British people work very precisely. Due to my involvement in various customer and supplier meetings, I had a great opportunity to observe how politely and ‘properly’ people talk to each other, but, without losing their focus and objectives for even one second.

Because of my wide ranging field of activity and VTG Rail UK’s size it was possible to get comprehensive impressions of all six areas of the business during the course of various packages of work I was responsible for. Besides supporting the Sales and Marketing and Engineering departments regarding ongoing new build projects as well as preliminary work for the creation of technical data sheets for the British wagon park, a regular attendance in customer meetings, negotiations and events defined my principal activities.

As well as the specific functional education, it was especially the impression of the country, the culture, the mentality and of course the language which has broadened my personal horizon. It is only possible to start to think in English by listening carefully to how people communicate and by developing an understanding of the subtle meanings and sub-text that is inevitably part of most day-to-day discussions. Hopefully this understanding has led to a corresponding enhancement in my own command of the English language.

I would like to thank everybody who made this possible. Thank you for letting me gain these unforgettable experiences – I very much appreciate it!

I wish all readers of this edition of Online a Merry Christmas and a Happy New Year.

With best regards from Birmingham
Roman Becker

