

FLEET BASICS: GETTING A QUICK ROI FROM TELEMATICS

Telematics is a tool that allows you to track, analyze, and make consistent improvements on your mobile operations. No matter the type or size of your fleet, the savings can be significant.

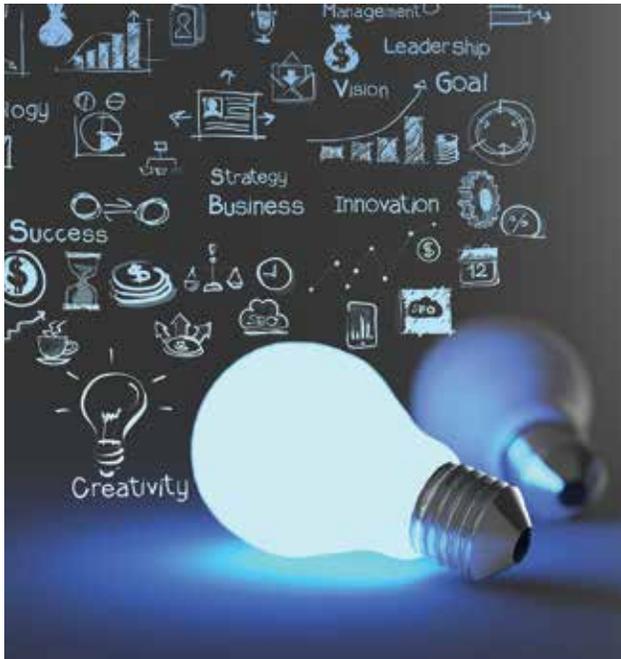


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Fuel conservation is the obvious reason to justify the costs of using telematics in fleet. While fuel is a huge expense for many fleet operators and reducing fuel consumption is never a goal to shy away from, there are benefits in telematics beyond fuel savings. As telematics matures, fleets and providers are finding more and more ways to take the data and turn it into actionable fleet intelligence.

Ranking fuel efficiency as the primary goal for using telematics is certainly wise — fleets that proactively use telematics to monitor idling and improve routing notice immediate fuel reductions. No matter the type or size of your fleet, the savings can be significant.

When compared to hard numbers like fuel data, it's easy to ignore some of the smaller benefits because the investment's return may take longer to identify or the issue may be difficult to address. Some benefits may even be the unexpected byproduct from another initiative. Understanding this information and how it occurred is how helps fleets keep up with their telematics, maximize their ROI, and maintain management buy-in by consistently proving a solid cost-to-benefit ratio.

Telematics is simply a tool that allows you to track, analyze and make consistent improvements on your mobile operations.



GOOD MAINTENANCE FOR A GOOD RETURN

Fleets can improve maintenance scheduling and servicing with diagnostic data, where alerts can be sent directly to the fleet manager or technician. Some fleets can even share the alerts with their outside service provider. These measures result in better warranty recovery on newer vehicles, less vehicle downtime, reduced cost of ownership, and a higher resale value since the vehicle was well-maintained with little-to-no unexpected or major vehicle repairs. Preventing vehicle breakdowns through vehicle diagnostics has several other benefits as well. Fleets will lower the need for roadside assistance and will avoid major service disruptions — which mean a more satisfied customer base.

USING TELEMATICS TO MANAGE EQUIPMENT

Telematics is not just for passenger vehicles. If your business relies on assets like trailers, sheds, generators, and the like, a telematics solution can offer valuable information for equipment tracking and more; however, implementing a telematics program for equipment works a little differently.

For starters, you'll be monitoring a different set of metrics. Instead of seat belt usage and hard braking, you'll likely be more concerned with engine data such as run time meters, fuel usage, and trouble codes. Utilization and equipment health monitoring maintain the ROI in equipment tracking.

You may also be interested in geofencing to ensure costly equipment doesn't leave designated areas. This can be crucial in helping to prevent theft and recovering stolen equipment.

If you have or are seeking a telematics solution for passenger vehicles as well as equipment, you'll want to look for a provider that can track both vehicles and equipment on a single dashboard. Doing this will save the supervisors and managers time, since there is only a single website login required, making dispatch and workforce management much more simplified.

Omaha, Neb.-based HVAC and plumbing repair company ServiceOne piloted a telematics solution on five of its service vans, allowing them to identify exactly what kind of savings the company could expect. During the pilot program, ServiceOne saw notable improvements in fuel usage, idle times and repair costs. For example, a single engine diagnostic trouble code alert helped shave nearly \$800 off one van's repair bill.

"By remotely identifying the engine problem, we were able to confirm that the van could be serviced at a local shop rather than the dealership, cutting the cost nearly in half," said Gary McCollum, operations manager for ServiceOne.

"Increasing vehicle utilization allows a company to rightsize the fleet, which can have a direct impact on operating costs."

A UTILIZATION BALANCING ACT

With an eye on what and how vehicles are utilized, fleets get a better picture of whether or not they're "overfleeting" or if some vehicles are being overworked. Fleets can also use the data to better cycle high-mileage vehicles to less demanding routes before cycling out the vehicle entirely. Utilization data from telematics typically includes items like miles traveled, engine hours, number of trips, and days utilized.



Increasing vehicle utilization allows a company to rightsize the fleet, which can have a direct impact on operating costs.

By generating data on mileage, maintenance and other dynamics, fleets may also find that they have the wrong vehicle for the job. Maybe they have a pickup pulling the weight of a heavy-duty truck, resulting in out-of-control costs on tires and major repairs.

A SAFE FLEET COSTS LESS

Many providers are working directly with major insurance providers to offer commercial auto insurance incentives for fleets. While not all insurance providers are currently doing this, many of them — including smaller insurance carriers — are entering pilot programs with interested fleets to figure out how it all works. It's a newer endeavor from the insurance companies and varies depending on the carrier, but growth is expected to continue.



Some carriers give small breaks to fleets simply for having telematics installed, while others also give premium reductions when a fleet can show safety improvements through telematics.

By taking a step back, a fleet would have the ability to show that drivers are speeding less, for example, if they've been tracking that data and actively working with drivers to curb their speeding habits. Fleets that monitor and coach drivers on harsh cornering, braking, and accelerating, will find safety improvements and even vehicle wear-and-tear improvements. But progress is only possible if fleets take action on the data.

Fleets can even prove their innocence in the case of an accident if they choose a telematics service that provides accident alerts. Accident alerts will provide details that help fleets reconstruct the event and address preventable claims faster.

Recovering a vehicle or even preventing vehicle theft is another more obvious risk that telematics mitigates. Any business that recovers a vehicle from a theft can likely report an immediate payback on telematics.

Remote visibility alleviates Eggleton or his son from having to supervise. A few remote checks and they're able to get other tasks done.

KEEPING TIMECARDS HONEST

Companies that rely on employee-submitted timecards are able to compare tracking data to claimed time. A few 20-minute infractions here-and-there can add up across your employees' timecards.

With a fleet size of about 30, CRCS DKI, a restoration service and disaster clean up company based in Oshawa, Canada, immediately started comparing claimed start and stop times to tracking data. When first using telematics, the company was catching nearly 40 misreported hours per month across its drivers. "That's a lot," said Kyle Douglas, manager of corporate services. "If you're in the service industry, you have to monitor that and make sure that doesn't happen. When you don't have a lot of personal interaction because they're going right to the jobsite and going home from there, then you need to be able to see what they're doing. And it's not that we have bad employees, our employees are outstanding, but a half hour here then turns into another half hour there and another."



A TIME SAVER

Numerous benefits of telematics shave time off daily tasks:

- Dispatchers spend less time figuring out which driver is the best to send to a last-minute jobs. Drivers may not always be the most accurate with their punches when they're cutting it close on time.
- Back-office personnel spend less time entering data from the field and can quickly bill the hours.
- Drivers spend less time on the road and more time on the job, which can mean getting in more service trips per day.
- Taken together, telematics reduces a fleet's overhead, allowing them to take on more jobs.

Dan Eggleton, owner of Temecula, Calif.-based Eggleton Trucking, a bulk hauler with eight trucks, is able to better monitor when trucks are leaving the yard and when they arrive to pick up a load. "We have a four-hour span of time when the trucks are all leaving the yard. If you have to sit there for four hours in the morning just to watch the trucks, then half the day is shot." Remote visibility keeps both Eggleton and his son from having to supervise. A few remote checks and they're able to get other tasks done.

Through improved routing, Eggleton cites that the biggest benefit he has seen for his fleet is an increase in productivity. "We're getting more loads in per week because I know where everyone is at," he said, adding that going from three to four loads per week yields an incremental \$1,600 in revenue — a 27-to-1 return on investment for his telematics system.

Some fleets even set up reports on a driver's time spent with the customer versus their driving time. This helps to generate a better understanding of the client-vendor relationship and possible improvements that could be made.

To save on headaches, fleets may also use the data when customers claim that time spent was less than their bill. Management can provide the tracking information for the customer that shows how long workers were at the site.

TELEMATICS IN PUBLIC FLEETS AND LAW ENFORCEMENT

Telematics systems are currently most commonly found on commercial vehicles where fleet managers use them to reduce costs of operation. However, some law enforcement fleet managers are beginning to test telematics systems in patrol vehicles. Experts say telematics can save agencies money and prevent officers and civilians from being injured or even killed in patrol vehicle accidents.

Saving Money

Law enforcement fleet managers—like their commercial counterparts—believe telematics can help agencies reduce the operating costs of their vehicles. The technology has the potential to do this two ways: through savings on fuel and by letting fleet managers know a vehicle has an issue before the problem becomes serious.



With the current price of gasoline, it may not seem like a big concern, but fuel costs remain a major concern for agencies. Fuel is a major operating cost for law enforcement fleets but an even larger cost concern is vehicle maintenance and vehicle replacement. Telematics systems can alert agencies when a vehicle needs routine maintenance such as an oil change. More importantly, a telematics system can let a fleet manager know when a car is throwing a trouble code. Which is something officers have been known to ignore until a car breaks down.

Saving Lives

It's not an exaggeration to say the adoption of telematics by law enforcement agencies has the potential to save both officer and civilian lives. The systems can flag unsafe driving by officers so that agencies can coach the officers to make changes in their driving behavior. Telematics can also track seat belt use, which remains a major safety concern in law enforcement. Telematics systems can also alert watch commanders and supervisors via text or e-mail that a patrol car's air bag has been deployed. In such an incident, the system would not only send an alert that the officer had been in an accident, it would also pinpoint the officer's location.



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THEN THERE'S FUEL

Fleets have a wide range of fuel cost reductions, but typically fleets see reductions well beyond 20 percent. This also has to do with major reductions in idle time — again with fleets typically citing significant reductions depending on the fleet type. A delivery fleet for example, may see idle reductions of 50 percent or more.



Other fuel savings comes from improved routing, which results in a drop in daily mileage. A drop in daily mileage can extend the overall life of the vehicle by reducing wear-and-tear as well as improving life cycle costs.

CRCS DKI, after having telematics for three years, increased its fleets average miles per gallon from 11.2 to 13.4. And in idling, Douglas explained that you never know when it's just one driver who could be increasing your fuel costs. CRCS DKI found that one employee was costing the company \$144 in fuel costs per month just in idling, making it easier to effectively address the habit with the driver.

Less fuel burned also means fewer emissions. Whether sustainability goals are set or companies are looking to use it within marketing, the information can be promoted to stakeholders and the public. Government fleets in some cases are even required to do so.

COMPETITIVENESS & CUSTOMER SATISFACTION

With companies like Google Shopping Express, Amazon and Uber disrupting traditional industries with on-demand services through the use of technology, the rest of the world is being expected to do the same. This means companies have more pressure than ever to keep customers satisfied and provide flexible services.

More on-time deliveries and services are good examples. A beverage distributor can more accurately predict customer time windows for when the driver will arrive. Or, if a driver is behind or ahead of schedule, office personnel can contact the customer and give them an updated time of arrival. Some telematics providers even offer the feature of automatically notifying the customer through a text or email when a delivery is on its way. These features result in reduced service costs per customer because you're spending less time routing and scheduling with the added benefit of ensuring customer satisfaction.

It can also mean the difference between a one-time job versus a long-time customer.

Before Eggleton Trucking installed telematics, unexpected delays created major problems. "We'd plan to get the last load at 2 p.m. at a place that only loads until 3:30," Eggleton said. "All of a sudden, my driver tells me he's not going to make it in time to get the load. If I had known that in advance, I could have re-routed another truck." Instead, it was missed revenue opportunity.

But now, "The drivers are done sooner, the trucks get in earlier, and it's been a good deal for everyone," Eggleton said. "I thought I had a good handle on things before, but now I don't know how I would do without this."

As a telematics program develops, companies that collaborate among other departments, such as HR, accounting, and risk and safety management, will ultimately find more opportunities to maximize the ROI. While a telematics provider should work with customers beyond implementation to further the benefits, it's also up to the fleet to take an interest and make the commitment.



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Questions about this whitepaper? Reach out to custommedia@bobit.com.