DigiCore
FLEET MANAGEMENT

vehicle tracking SURVEY2008

EXECUTIVE SUMMARY

The Vehicle Tracking Survey 2008 was conducted among 150 fleet influencers and decision makers within the UK.

The Survey was designed to measure the uptake of vehicle tracking amongst fleet operators, how the technology is being used, and what barriers are preventing more companies from adopting a solution.

The respondents were made up of 150 professionals that are either responsible for, or have an influence on, car, van, commercial vehicle or mixed fleet operations for their companies. Due to the diverse nature of the fleet sector within the UK, it has been necessary to split the respondents into two broad fleet categories to make best use of the information they provided. These groups, referred to within the research, are:

Commercial Vehicle – Fleets including predominantly heavy goods vehicles (HGVs), light commercial vehicles (LCVs) and vans. Most of these fleets will also have a proportion of cars within their operation.

Car & Van – Companies that are largely made up of car-only, van-only or mixed car and van fleets.

Key findings in the report included:

- Vehicle tracking is now used by **more than a quarter of fleets within the UK**, with uptake greatest amongst commercial vehicle fleets (30%) and fleet operators with more than 100 vehicles (31%). Furthermore, penetration was particularly high in the utilities (86%), logistics and road transport (40%), and service management (38%) sectors.

- Amongst users of vehicle tracking, **76% said that the technology was adding value to their business** from a range of benefits including increased productivity (54%), reduced costs (44%), and fleet performance (46%). In terms of reduced costs, fleet operators are now achieving on average a 12% saving on their fuel bill and lowering overtime claims by 13%.

- More than half of companies not using vehicle tracking have considered investing in the technology, but **over a third are still unaware of the benefits it can provide**. Furthermore, only 48% of these operators thought tracking could benefit their business, and only 44% believed it could offer a return on investment.

- 85% of vehicle tracking users said they were satisfied with their current solutions provider. However, **some negativity towards the vehicle tracking sector exists** with 35% of respondents not using a tracking system suggesting that the reputation of the industry was being affected by the financial viability of operators, overselling and technology concerns.

1 Market Penetration

Based on the findings of the research, penetration of vehicle tracking technology amongst fleet operators within the UK has now reached 27 per cent. However, there are some differences dependent on a range of variables including vehicle type, fleet size and industry sector.

There has been larger uptake of tracking systems amongst commercial vehicle operators, as increasing operational pressures continue to challenge the road transport industry as a result of spiralling costs and new, tighter legislation. In fact, almost twice as many commercial vehicle fleets (30%) now use telematics technology compared to car and van fleets (16%).

There is also a direct correlation between the use of vehicle tracking and fleet size. The findings showed that 18% of businesses with 1 to 100 vehicles now use tracking, but amongst fleets that exceed 100 vehicles this figure increases to 31%. (Fig. 1a)

Industry sector appears to impact on the adoption levels according to the research. The heavily-regulated utilities sector seems to be leading the way, with 86% of respondents from this sector using vehicle tracking within their fleet operations. Elsewhere, the logistics and road transport (40%), service management (38%) and local authority (36%) sectors all showed high levels of vehicle tracking usage. (Fig. 1b)

Figure 1a Uptake by fleet size (%)

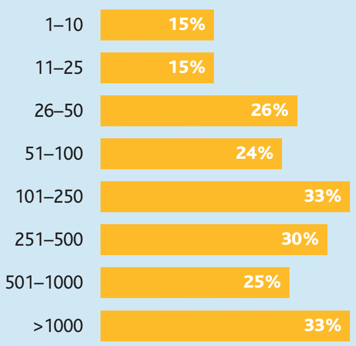
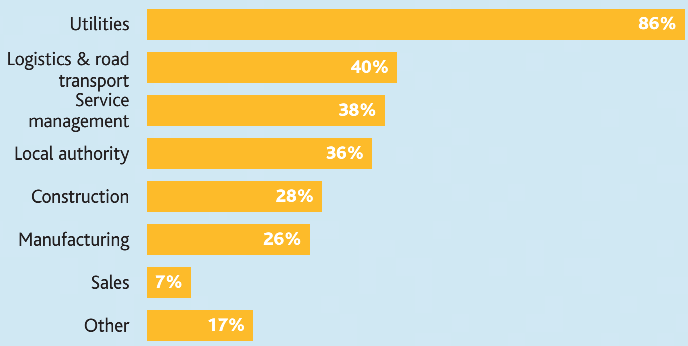


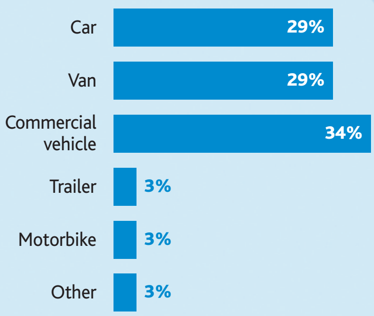
Figure 1b Usage by Sector (%)



2 Vehicle tracking in action

Of those respondents that did track elements of their fleet, there was almost an equal split between cars, vans and commercial vehicles. Trailers, motorbikes and plant did not feature highly at all, despite an increasing number of bespoke tracking solutions for these kinds of assets. Broadly speaking, respondents could be split into two main fleet groups: Car & Van and Commercial Vehicle. (Fig. 2a)

Figure 2a Tracked assets and vehicles in the UK

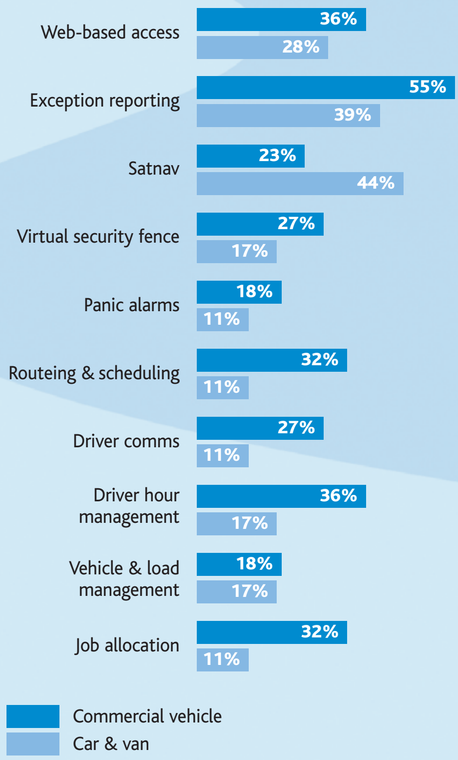


In terms of the primary reason for using vehicle tracking, productivity (30%), security (22%) and customer service (17%) were the most common reasons, but fuel management, asset management, health and safety and legislative compliance also featured in the responses.

In recent years, advances in technology have increased the functionality of systems, and fleet operators are benefiting from more flexible solutions that better meet their needs. (Fig. 2b)

These findings give an indication of what functionality fleet operators are currently utilising. In particular, it seems that commercial vehicle fleets are making greater use of the available technology offerings

Figure 2b System functionality by fleet type (%)



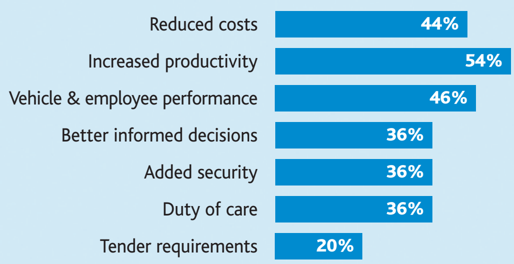
compared with their car and van counterparts. What is clear is that a significant proportion of fleet operators now using vehicle tracking are achieving some form of payback. Of those questioned, 76% said that tracking had added value to their business, with a range of benefits cited including increased productivity (54%) reduced costs (44%), and fleet performance (46%). No significant variations occurred as a result of different fleet types. (Fig. 2c)

For those respondents that have benefited from reduced costs, these savings have been achieved in a number of ways including overtime claims (54%), insurance premiums (46.3%), fuel usage (43.9%), communications (37%) and administration (37%). Furthermore, the findings show that these fleets are making on average a 12% saving on their fuel bill and lowering overtime claims by an average of 13%.

When asked whether they are happy with their current vehicle tracking partner, 85% of respondents said they were more than satisfied with their existing relationship. In many cases, a strong relationship was critical to receiving an effective vehicle tracking solution, and service levels, supplier responsiveness, and back-office support were actually highlighted more often than competitive pricing and product functionality. According to the results, users of vehicle tracking found operational shortfalls became far more bearable if supplier responsiveness was acceptable.

Of those not happy with their supplier, a number of issues were raised including inflexible technology that can't meet changing needs; costly solutions that don't provide return on investment; and too many telecommunication and equipment failures. One user commented: "The system seems to be experiencing communication problems on a regular basis," whilst another said: "It's not possible to change our current system to suit new requirements."

Figure 2c Benefits to business (%)



3 The non-adopters

More than half of fleet operators currently not using any form of tracking system have considered investing in the technology at some point. There is greater interest amongst commercial vehicle operators – compared with car and van fleets – who also tend to possess better understanding of the opportunities that exist. Saying this, over a third of the companies overall claim they are still unaware of the benefits the technology can provide, so vehicle tracking solutions providers are failing to educate a significant section of the UK fleet sector. (Figs 3a, 3b)

Figure 3a Have you considered using vehicle tracking?

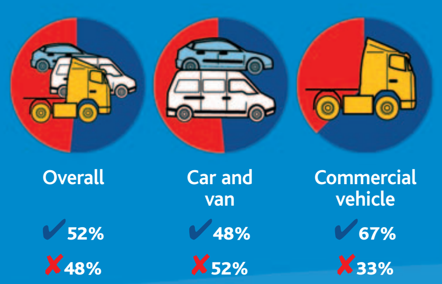
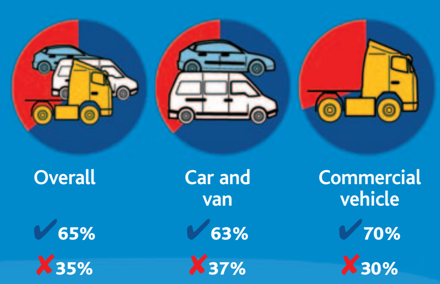


Figure 3b Are you aware of the benefits vehicle tracking can provide?



3 The non-adopters (continued)

Many companies are still undecided whether vehicle tracking can provide the benefits to make any investment worthwhile. Overall, only 48% of the fleet operators thought vehicle tracking could benefit their business, and only 44% believed it could offer return on investment. However, there was again greater belief amongst commercial vehicle operators that tracking technology could have a positive affect on their business, with 68% saying it would offer return on investment. (Fig. 3c, 3d)

According to the research findings, a greater proportion of larger fleets have considered implementing vehicle tracking compared with smaller operators. Amongst fleets of 1-10 vehicles only 31% have thought about adopting the technology, compared with 50% of fleets between 11-250 vehicles and 100% for fleets above the 250 mark. Furthermore, as fleet size increase a larger number of fleet operators also recognise the value vehicle tracking can provide to their business and believe return on investment possible.

Figure 3c Do you think vehicle tracking could benefit your business?

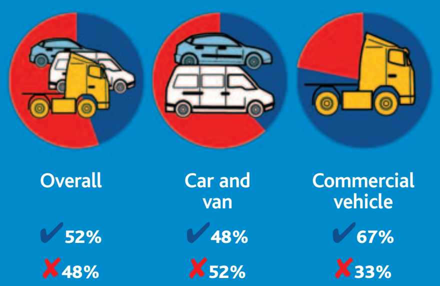
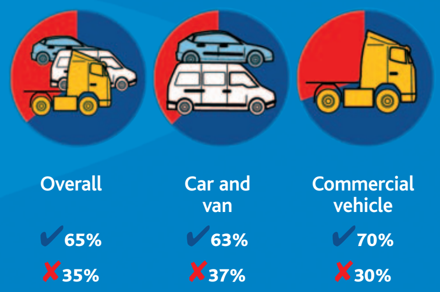


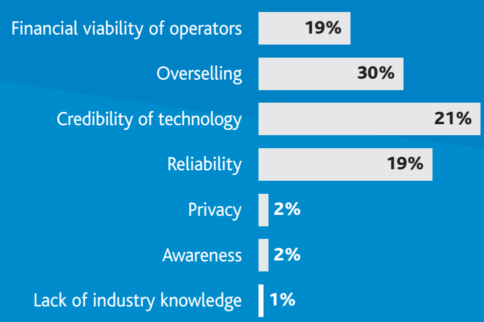
Figure 3d Does vehicle tracking offer return on investment?



When asked what is preventing the use of vehicle tracking, 31% claimed they needed better understanding of what is on offer, whilst a further 29% believed it didn't meet their operational needs. More than a quarter cited financial reasons, stating there was either a lack of budget or technology costs were too expensive. Other reasons included privacy concerns, lack of internal resource, and the poor reputation of the vehicle tracking sector.

Worryingly, 35% of the respondents not using vehicle tracking within their fleet operations believed the reputation of the telematics industry was not particularly positive. When asked what in particular was damaging the sector, the financial viability of providers, a culture of overselling and technology concerns dominated the answers.

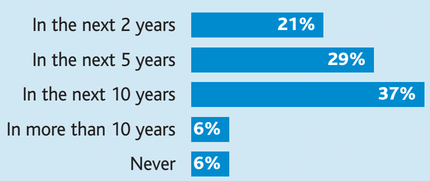
Figure 3e What is damaging the reputation of the vehicle tracking industry? (%)



4 Related fleet management issues

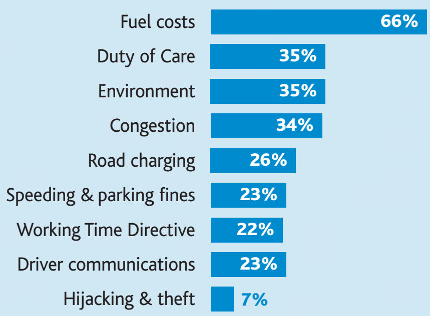
Fleet operators expect road charging to be introduced in the near future, with almost 50% of respondents expecting it in the next five years. Less than 14% believe road charging won't be introduced in the next 10 years or never at all. Whilst there is disagreement over when it will occur, it seems that fleet operators acknowledge that road charging will be launched in the UK, leading to the widespread use of some form of black box tracking technology. (Fig. 41)

Figure 4a When do you expect road charging to be introduced? (%)



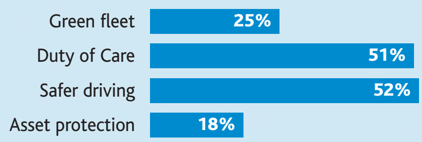
Unsurprisingly, fuel costs, Duty of Care, environmental impact and congestion were said to be the major challenges facing the respondents' fleet operations. Rising fuel costs are creating a major headache for fleet operators as overheads risk spiralling out of control. As a result, two thirds of respondents highlighted this as a major challenge to their fleets, almost twice as many as the next biggest challenge. (Fig. 4b)

Figure 4b What are the key challenges facing your fleet operation? (%)



Duty of Care and driver behaviour represent greater priorities to fleet operators than environmental impact according to the findings. More than 50% of respondents said their businesses had developed Duty of Care and Safer Driving initiatives, compared with only 25% who have introduced a Green Fleet scheme. (Fig. 4c)

Figure 4c What fleet initiatives has your fleet adopted? (%)



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