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<p>QUICK PICKS</p> <ul style="list-style-type: none"> ▶ Contact Us ▶ About Us ▶ Advertise 	<p>EDITORIAL</p> <p>December 2006</p> <p>Telematics Captures the Missing Variables Needed for “Total Fuel Management”</p> <p><i>By Mike Antich</i></p> <div style="border: 1px solid black; width: 30px; height: 30px; margin: 10px auto; text-align: center; line-height: 30px;">x</div> <p><i>Controlling fuel costs is the number one challenge facing fleet managers, and it has been for the past five years. Nowadays, fuel consumes 28-30 percent of the total fleet budget.</i></p> <p>Controlling fuel costs is the number one challenge facing fleet managers, and it has been for the past five years. Nowadays, fuel consumes 28-30 percent of the total fleet budget. Well-run fleets prohibit the purchase of premium fuel, set transaction and dollar limits to restrict unauthorized fuel purchases, limit fuel card purchases to only fuel, and acquire the most fuel-efficient vehicles that can meet the fleet application. However, these practices only partially control overall fuel spend. What's missing?</p> <p>Driver misbehavior is the missing variable needed to achieve what I term “total fuel management.” By driver misbehavior, I mean driving that is consistently over the posted speed limit, excessive and/or unnecessary idling, and practices that increase fuel consumption such as improper shifting by truck drivers. At first blush, these behaviors may seem inconsequential to the overall fleet spend. However, recent studies of test fleets have revealed that driver misbehavior can increase fuel expenses between 5 to 15 percent. The amount of money wasted has surprised many industry observers, including myself. Until recently, fleet managers have been unable to quantify the amount of fuel wasted due to employee speeding and excessive idling because of a lack of supporting data. However, telematics allows fleet managers to capture this data. By telematics, I am referring to a range of devices used on vehicles that incorporate a combination of onboard microprocessor, wireless data transmission, and global positioning system technology. These onboard telematic devices transmit telemetry and location information via cellular wireless technology. Like an electronic umbilical cord, telematic devices move wireless data from each vehicle to the desktop workstations of fleet managers.</p> <p>Among the early adopters of telematics have been fleets such as ServiceMaster, GEICO, Ryder, KinderCare, Wal-Mart, UPS, and long-haul trucking fleets. These fleets are using telematic devices to continuously measure fuel consumption, along with</p>
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monitoring vehicle performance and fleet utilization.

Fleets using telematics report major reductions in idling and an almost immediate turnaround of employees to driving the posted speed limit. Consistently, real-world fleet tests have repeatedly shown that telematics can reduce overall fuel consumption by 5 to 15 percent.

One early adopter fleet is Ryder System, which equipped 5,000 trucks with telematic devices to track them in real time. Ryder believes that with proper management, the system can impact fuel use by as much as 10 to 15 percent. Fleets leasing Ryder trucks can see where their vehicles are and if a driver is speeding or idling too much. The product, called RydeSmart, continuously monitors the truck's location, mileage, and speed, as well as other performance and diagnostic data, which businesses can access through a Web portal.

The Silver Lining to Higher Fuel Costs

The silver lining to the high cost of gasoline and diesel is that it creates the business case justifying the funding of fleet telematic devices. Senior management at heavy-truck fleets has embraced the technology, where an estimated 2 million trucks are installed with various telematic devices. Besides controlling fuel costs, telematics offers a way to track fleet assets, monitor performance, diagnose maintenance issues, and ensure driver and vehicle security using wireless telemetry. Furthermore, telematics systems provide a fleet manager with real-time, downloadable status reports on driver behavior, including vehicle speed, location, route compliance, while monitoring vehicle diagnostic components. Fleet managers can aggregate and analyze this data to create solutions to reduce operating costs, optimize fleet utilization, and educate employees to become more fuel-efficient drivers.

Saving Dollars, Not Pennies

Telematics is a powerful new fleet management tool. It enables fleet managers to influence previously uncontrollable driver behaviors that negatively contribute to total fuel spend. In addition, it provides fleet managers with indisputable data to support the business case for driver training funding and the development of reward/penalty programs.

Telematics will become the cornerstone of 21st Century fleet management. Each succeeding generation of telematics technology will further refine the ability to manage vehicles in real time, dramatically increase driver productivity/safety, make predictive vehicle maintenance feasible, while continuing to control unnecessary idling, miles driven, fuel purchases, and other expenses. This information, combined with other day-to-day fleet management data, promises to reduce future operating costs by dollars not just pennies.

Let me know what you think.

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