



Survey Finds Fleet Management Solutions Bring Rapid ROI

The steady growth of ecommerce—15% last year in the U.S. market¹ and even higher globally—means more orders to fulfill and shipments to deliver to customers. Not surprisingly, this has driven investment in trucks of all types, including light trucks and vans often used by parcel delivery companies and private fleets.

This growth trend can be seen in a 2018 report from IHS Markit², which found that worldwide truck demand was on track to approach 3.2 million new vehicles sold for 2018, up 1.6% from 2017's record-setting 3.1 million units. This includes 6% growth in the pickup and van segment often used by fleets for last mile delivery.

The fact is, if it weren't for vehicle fleets and the efficient routing and management of these assets, ecommerce and traditional channels simply couldn't keep pace with consumer demand. As central as fleets are to the economy, fleet operators are part of the cost-conscious logistics industry beset by challenges. Continued high fuel costs, driver shortages, and regulations governing driver hours of service (HOS) have all posed challenges for fleet operators. Some operators have responded by deploying technology, including fleet management solutions that feature real-time vehicle tracking, as a means of controlling costs while also supporting strong customer service.

To gauge the views of logistics and transportation professionals and to help companies who operate their own fleet better understand the challenges and opportunities associated with effective fleet management practices, US Cellular partnered with Logistics Management to look at the issues facing fleet managers and the actions fleet operators are taking to alleviate pain points in managing their fleet demands.



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The Tangible Benefits of Fleet Management Solutions

Peerless Research Group, on behalf of U.S. Cellular, surveyed readers of Logistics Management involved with fleet operations management. The survey found that nearly 60% of respondents are currently users of a fleet management solution. Of those using fleet management, every respondent said their system was either “extremely important” or “very important” to managing their issues. Other top findings include:

- Respondents who use fleet management indicate rapid return on investment (ROI), with 55% reporting ROI in 18 months or less.
- Fleet management solutions are considered helpful not only for handling vehicle maintenance, but also with issues pertaining to broader business concerns like customer service. In fact, one-third of respondents who currently use fleet solutions indicate that customer service was a factor considered when deciding to bring in a solution.
- Management of costs was the most often-cited concern related to managing fleets and the driver workforce.
- Operational priorities in need of more attention included improving route optimization, capacity planning, forms processing procedures, dealing with labor expenses, and coping with fuel costs.

In short, the survey found that close to six of 10 managers surveyed already use a fleet management solution, and among those that do, there is overwhelming recognition of its importance and its ability to deliver rapid payoff.

Evaluating Fleet Operations: The Issues and the Remedies

It's widely understood that while running a fleet presents numerous obstacles, the main challenge is controlling costs. Cost management issues largely stem from rising fuel prices and expenses associated with hiring and retaining drivers. Effective management of vehicle maintenance is also a top concern that carries cost ramifications, since it enables both preventative and predictive maintenance programs that can reduce costs associated with part failures and vehicle downtime. (Figure 1)

Technology for monitoring vehicles has improved, and comes in multiple forms. Vehicle and engine manufacturers have continually improved on sensor and on-board diagnostics. One of the functions of a vehicle tracking solution is to integrate with onboard diagnostics and send alerts when warning lights go on in a vehicle, thus triggering a response workflow.

In general, vehicle assets and driver activities are more digitally connected than ever. For example, regulations addressing HOS and driving safety have led to a mandate for electronic logging (ELD) devices. These ELDs range from simple devices to more sophisticated ELD features as part of broader solution. Overall, fleet management solutions that leverage real-time vehicle tracking offer a means of closely monitoring the status and condition of many aspects of vehicle fleets and driver activity.

When paired with sophisticated onboard diagnostics and sensors, fleet management solutions provide fleet managers with a broad range of capabilities around managing fleets, optimizing routes, and improving maintenance. These capabilities are in synch with top issues of concern indicated by respondents on the survey.

FIGURE 1

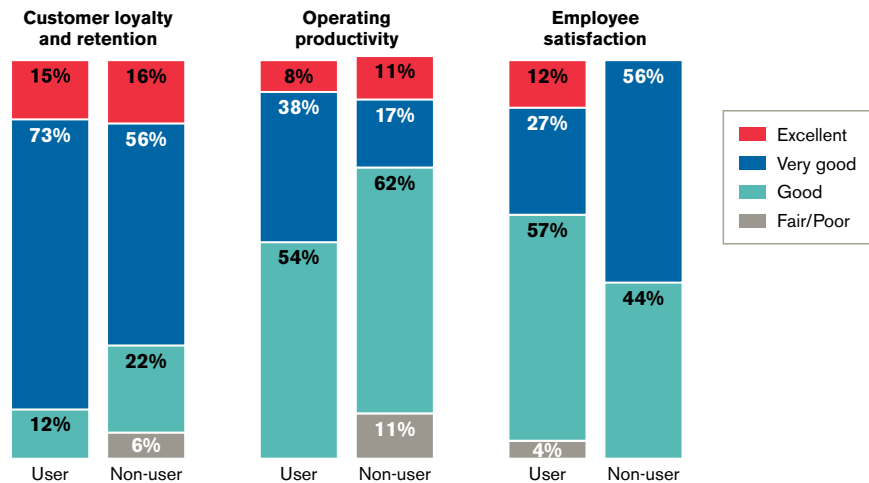
Greatest issue or concern relating to managing fleet and driver workforce



Those respondents who already are users of a fleet management solution feel somewhat more confident on some key business metrics. For instance, 48% of fleet system users felt either very good (38%) or excellent (8%) when it comes to operating productivity, compared to just 28% of non-users. This is a good indicator for potential operational benefits from fleet management solutions, even if results are somewhat mixed on some other business metrics. (Figure 2)

FIGURE 2

Evaluating key business areas: Fleet management app users vs. non users





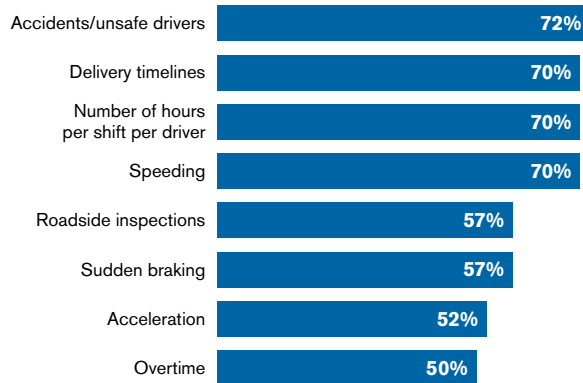
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Actionable Data Increases Productivity

Results to this study shows that drivers are putting in an average of 8.3 hours behind the wheel each day so ensuring safety and gauging driver performance are essential to successfully managing a fleet. Examining responsible driving behaviors and managing shift schedules are among the fundamental areas in which data on drivers are being collected. Monitoring and effectively managing these data can ultimately aid driver safety and increase productivity. (Figure 3)

FIGURE 3

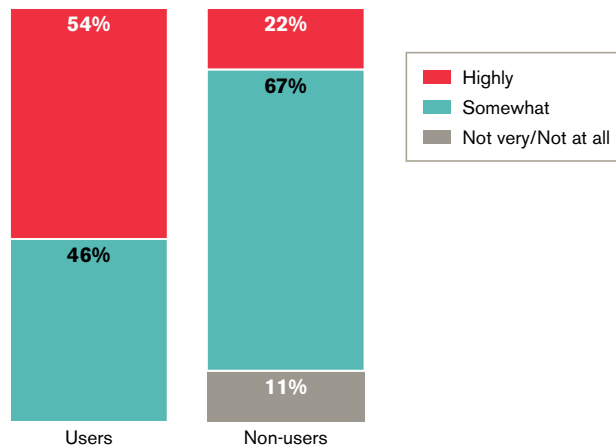
Areas now collecting data on drivers



Not surprisingly, those using a fleet management application find greater validity with the data they are collecting. Since more than half of fleet system users find their data 'highly valid,' this implies it is useful data. Simply put, if information is accurate, it's actionable! (Figure 4)

FIGURE 4

Accuracy of the data being collected: Fleet management app users vs. non-users

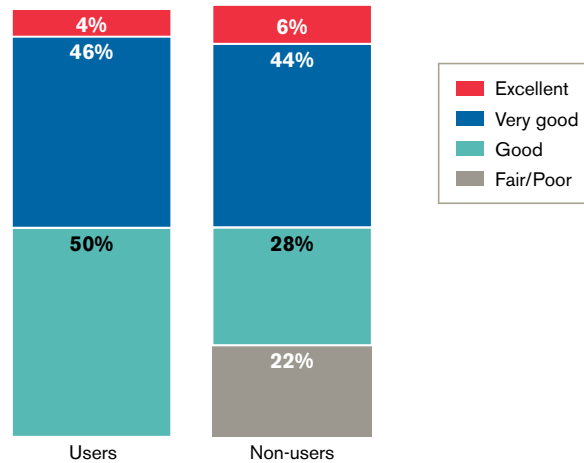


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Overall, operations using a fleet management application are more satisfied with their fleet operations than are those not employing a solution. (Figure 5)

FIGURE 5

General rating of fleet management operations: Fleet management apps users vs. non-users

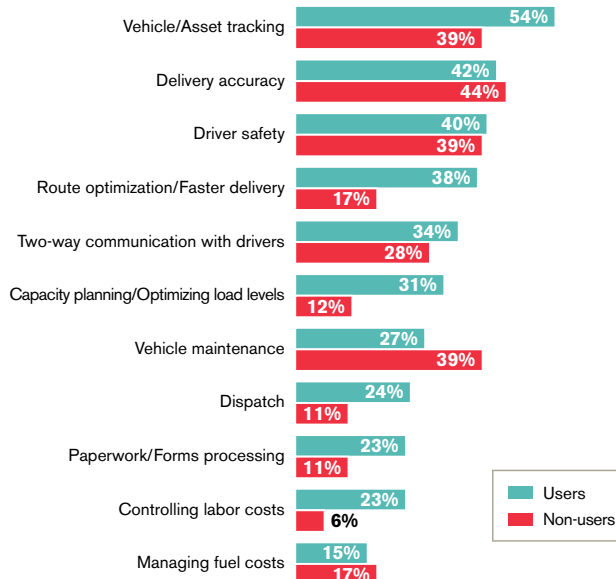


Respondents who are users of fleet management solutions tend to rate their performance as “very good” across multiple operational factors. For instance, fleet system users rate their vehicle/asset tracking more highly than non-users, as well as route optimization/faster delivery performance; dispatching; forms processing; and control over labor costs. On the issue of faster delivery alone, users are more than twice as likely to see their performance as very good. Since rapid delivery at low cost is at the core of effective fleet operations, and is supported by processes like efficient forms capture, these findings are evidence of the value of fleet management solutions. (Figure 6)

FIGURE 6

Evaluating fleet operations on key factors: Fleet management apps users vs. non-users

(Rated very good)



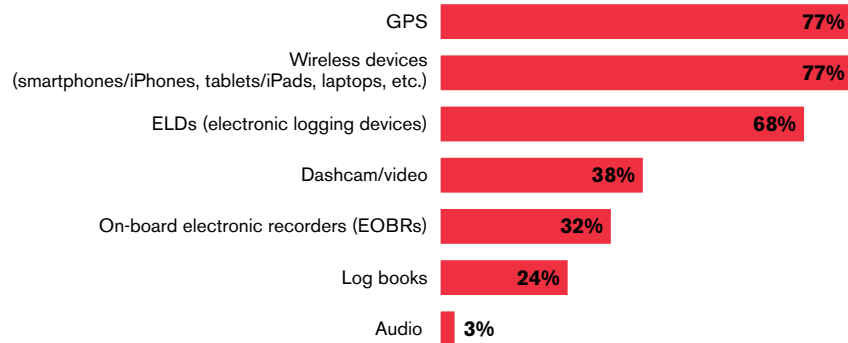


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As noted, fleet operators believe their tracking capabilities are, for the most part, effective. These results are likely attributed to the technologies used to facilitate and accurately track and manage driver data. GPS systems, wireless Android and IOS devices such as smart phones, tablets and laptops, and ELDs are widely used. (Figure 7)

FIGURE 7

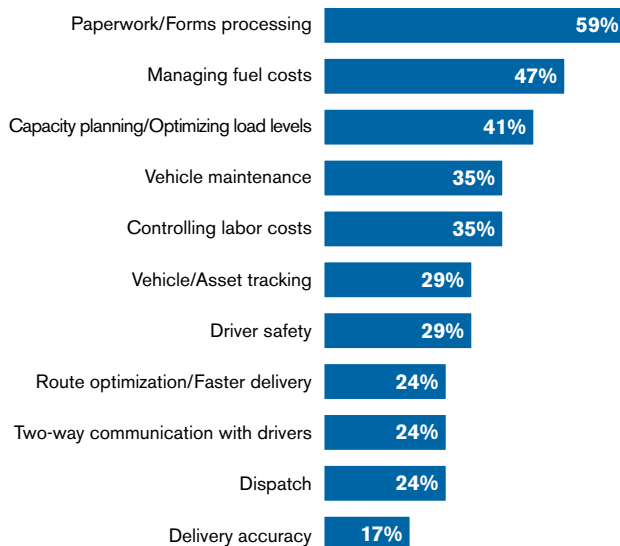
Technologies using/considering for managing fleet operations



So, not surprisingly, areas in need of upgrading are also those that are the most problematic for fleet managers who are not using a fleet management application: forms administration, load optimization, and controlling fuel costs. Keeping vehicles properly maintained is also a hardship on operations. (Figure 8)

FIGURE 8

Main challenges non-users of fleet management apps face when managing their vehicles/fleet



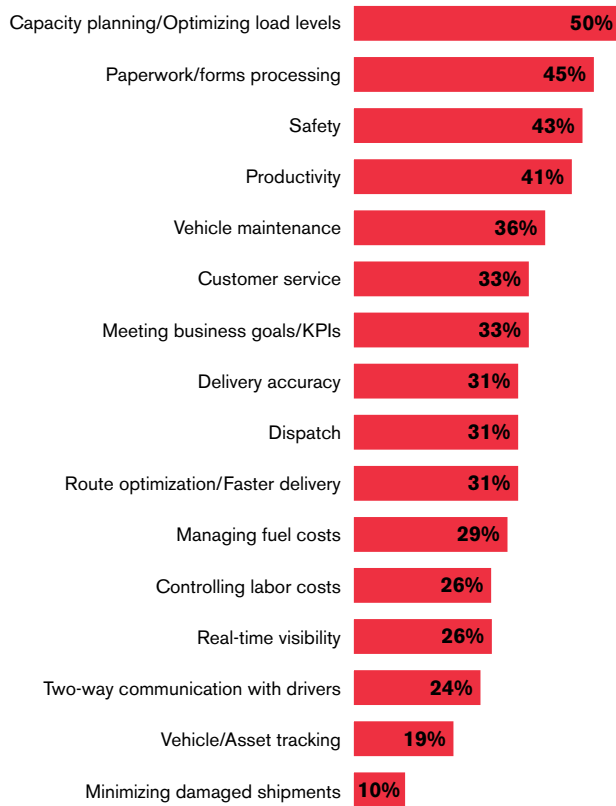


Realizing Business Productivity Through Supply Chain Segmentation

When asked which aspects of the business a fleet management solution could help improve, respondents frequently cited pain points such as capacity planning, forms processing, and vehicle maintenance. This suggests a strong correlation between top industry concerns, and the expected benefits of a fleet management solution. (Figure 9)

FIGURE 9

Aspects of operations a fleet management solution could improve



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Users are Realizing the Value of a Fleet Management Solution

Nearly all companies (98%) in our survey monitor, track and maintain their fleet.

Of these, nearly six out of ten are current users of a fleet management solution; roughly two out of three are relatively new users with their application being in use for 3 years or less.

The worth of their fleet management solution to their operation is unmistakable. Every user proclaimed that their application is extremely or very important in optimizing and managing their transportation assets.

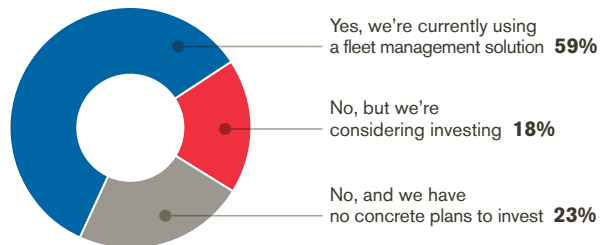
And the payoff was quick! The time it took for companies to have their solution up and running was swift. The learning curve for both drivers as well as management took, on average, about six weeks. Additionally, the return on their investment was also quickly realized, as more than one-half (55%) attained their ROI within 18 months.

Among those who are planning or considering a fleet management system, most said they'll begin the process soon, sometime within the next 12 months.

Curiously, roughly one out of four (23%) are neither using nor planning to implement a fleet management solution. This is largely attributed to unreceptive management support or a lack of in-house expertise to run the application. (Figure 10) However, with nearly six in 10 respondents already using a fleet solution, and 18% considering one, there is strong recognition of the value of these solutions.

FIGURE 10

Organizations using or considering a fleet management solution to control fleet operations



"Using fleet maintenance software, in conjunction with our ELD, we can track maintenance intervals, quickly communicate with our drivers, access DVIR [driver vehicle inspection reports] have quick access to fault codes, and can also determine location with GPS information."

— Operations Manager; Manufacturing; \$100M - \$250M

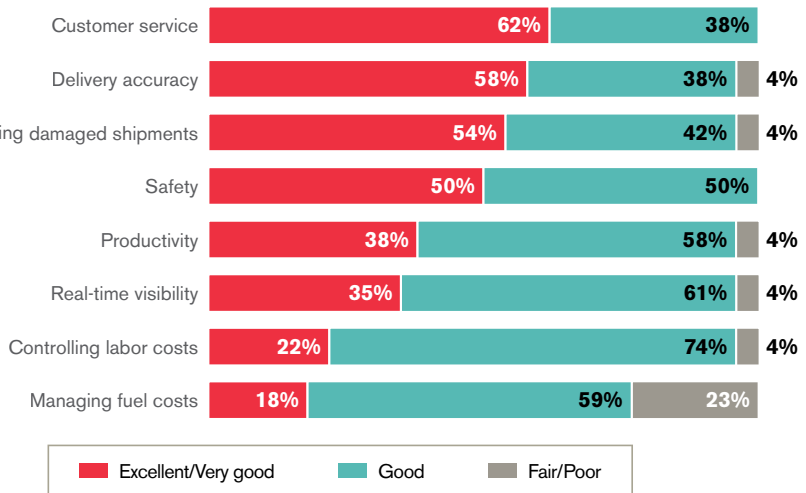


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Users of a fleet management solution say it has delivered advantages to their operation by raising customer service levels, minimizing incorrect and damaged shipments, improving transport safety, increasing productivity, enhancing transportation visibility, and managing labor costs. (Figure 11)

FIGURE 11

Evaluating organization's business performance on...



"With our fleet management system we are able to do more with the same assets."

— Safety Manager; Distributor; \$2.50B+

"We have access to information that quickly allows us to better understand diagnosis or provide assistance quicker to our drivers. This expedites repairs."

— Operations Manager; Manufacturing; \$100M - \$250M

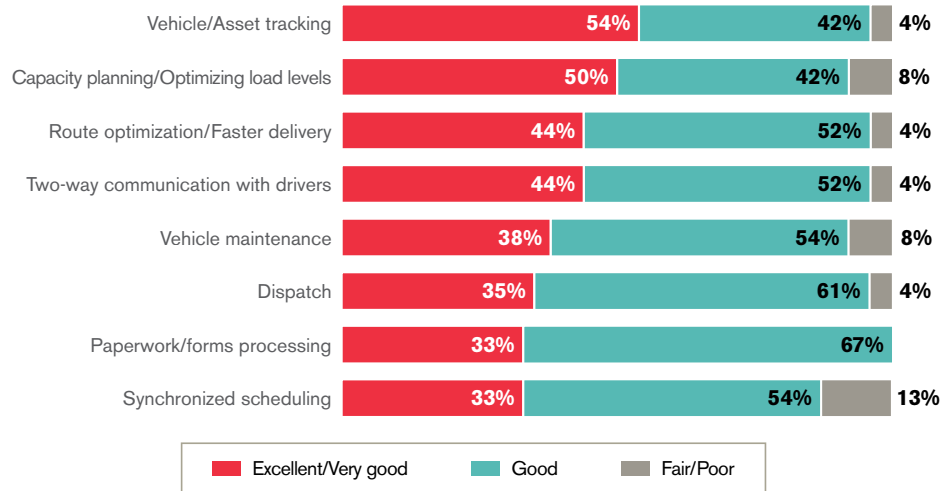


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Respondents who already use a fleet management application tend to rank their performance quite strongly across some of the metrics and performance categories that respondents, overall, see as most important. Users of fleet management solutions typically rank themselves as excellent to good in vital operational areas including asset tracking, optimizing load levels and routing, forms processing, communication, and dispatch operations. This makes sense, in that such operational metrics are tough to improve without the type of real-time data gathering and visibility one can achieve with fleet management software enabled by vehicle tracking and geo-positioning system (GPS) data. For those surveyed, it appears to be a case of the adage, “if you can measure it, you can improve it.” (Figure 12)

FIGURE 12

Evaluating organization’s business performance on...



“We have real time updates on locations so we can provide accurate ETAs without making a call to distract the driver from his work.”

— Operations Manager; Trucking; NA

“We have better visibility over costs and dispatching.”

— Purchasing Manager; Manufacturing; \$250M - \$500M

“We are able to plan better so we’re now getting the information to our shop.”

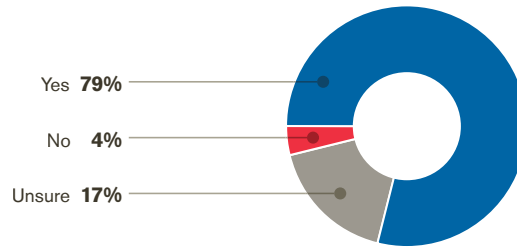
— President; Trucking; Less than \$50M

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Of great significance, roughly four out of five have realized cost savings that can be directly attributed to their fleet management application. In particular, maintenance, labor and fuel costs have been sliced across the board. (Figure 13)

FIGURE 13

Companies who have realized cost savings as a result of their fleet management application



Of equal importance, more than one out of three have found ways to leverage their application as a revenue generator.

"We've cut down drive time in the morning by about 10 percent."

Warehouse Manager; Distributor; \$50M - \$100M

"We are able to realize those areas we need to correct and work on."

Private Fleet Manager; Distributor; \$100M - \$250M

"We are gaining customers because of our excellent service record."

Vice President; 3PL; \$100M - \$250M

Conclusions

Overall, the survey finds that respondents believe in the value of fleet management solutions. For starters, many have invested in these solutions, with about 60% already using fleet management. Perhaps most significantly, close to 80% of these say it's helped them on cost containment. These current users also are unanimous in saying their fleet solution is important or extremely important to managing their fleet assets. These findings point to solid value from connected fleet management solutions. At the same time, fleet management is a never-ending challenge, with a constant need to keep improving on operational metrics. The survey also found that close to 40% currently aren't using a fleet management solution (though 18% are considering one), and thus are missing out on the improvements that 8 out of 10 of their peers using fleet software say they've achieved with cost containment. Given the importance of timely delivery as part of today's order fulfillment pressures, any investment that can help keep customers happy and improve on cost containment is worth investigating more closely.



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Methodology

The research in this brief was conducted by Peerless Research Group on behalf of Logistics Management for US Cellular. This study was executed in May, 2019 and was administered over the Internet among subscribers to LM magazine. Respondents were qualified for being employed with a company that either currently operates its own fleet or provides fleet services for hire by other companies. Respondents were further screened for their involvement in decisions related to the evaluation or purchase of fleet management solutions and for operating a fleet of at least five vehicles.

Survey results are based on information provided by 42 top corporate executives and VPs, operations and logistics managers employed at a manufacturing, distributor or transportation company that manages its own fleet. Businesses of all sizes based on forecasted 2019 annual revenues are well represented.

About US Cellular

Fleet management from U.S. Cellular® is an easy-to-use Internet of Things (IoT) solution that connects vehicles, routes, assets and drivers so you can see the big picture. Actionable insights delivered directly to your laptop, tablet or smartphone reveal how to save time, money and resources, while GPS-enabled features help you deliver the outstanding service your customers expect.

Fleet management is one of a full suite of solutions offered by U.S. Cellular. Each one is backed by the support of local Business Solutions Experts who provide guidance every step of the way, and by a network that can keep you connected where you do business — in urban and rural areas. U.S. Cellular is also building your next-generation 5G network to provide higher speeds, broader coverage and customized network options.

Contact Information

To see how your organization can benefit from fleet management solutions, call US Cellular at 1-866-616-5587 or visit uscellular.com/business/fleetmanagement

¹ <https://www.digitalcommerce360.com/article/us-ecommerce-sales/>

² <https://news.ihsmarket.com/press-release/automotive/global-commercial-vehicle-market-expected-grow-slightly-through-2018-ihs-ma>