

TELEMATICS for Fleet & Asset Tracking

Making the ROI Case

Often the toughest job a forward-thinking fleet manager has is “selling” leadership on the idea of fleet & asset tracking via telematics. And the numbers bear this out. Only **30% to 40%** of fleets are currently using a telematics solution.

That’s the bad news. The good news is that after being commercially available for more than a decade, there is plenty of data available to show that telematics provides a **positive return on investment (ROI)** to organizations that thoroughly **plan and execute a fleet & asset tracking solution.**

For example, 30% of existing user respondents of a Bobit Business Media survey said they experienced a positive telematics ROI in **six months or less.** Similarly, a C.J. Driscoll and Associates study found that overall, 66% of fleets reported **having** recouped their entire investment in their telematics solutions.

Measuring Value

It's been said over and over, but it bears repeating: You can't manage what you can't measure.

There are three ways that ROI for telematics is typically demonstrated:

1. **ROI in Concept:** This is a high-level look relying on industry data from sources (see examples above) such as; C.J. Driscoll & Associates, the Aberdeen Group, or industry publications. These sources present well-researched data from across industries, giving a sense of expected ROI outcomes that others have realized.
2. **ROI Calculator:** With an ROI calculator, you'll be able to estimate — based on your fleet's available data — the best-case cost-saving scenarios. We can make sample ROI documents available to you that you can provide to your customer base.
3. **ROI in Practice:** While this will mean outlaying some funds and committing a portion of the fleet to a telematics implementation, conducting a pilot will provide real-world proof that a telematics solution is right for your fleet. During the pilot, concentrate on a core business challenge you want to solve, e.g., cutting idling or improving utilization. At the end of the pilot, which may cover several months, review the data and see if telematics helped to solve the stated problem and any secondary benefits that may have occurred. For example, if you cut idling time, you may find that maintenance costs have also been lowered.

Making the Safety Argument

For many fleets, adding telematics is often motivated by a need to decrease risk. While the human factor—that is eliminating injuries and fatalities—is a compelling argument, there is a financial component to cutting risk.

The costs associated with a fleet injury-related crash averages about twice the rate for a non-vehicle related workplace injury — and rises exponentially if there is a fatality.

The costs of an average work-related crash increases by a factor of 10 depending on severity according to statistics from the Network of Employers for Traffic Safety (NETS). According to the organization's most recent publicly available statistics, a non-injury, bent-metal crash will cost on average approximately \$5,900, an injury-related crash will cost about \$65,000, and a fatality crash will cost about \$672,000. A judgement of liability could push these costs into the stratosphere. It is not unheard of to have multi-million-dollar awards in the wake of particularly high profile or severe crashes.

A high-profile crash may also bring with it significant, unfavorable publicity that could have long-term implications for the company's brand and its profitability further compounding the costs of a crash.

Cutting a single injury or fatality crash will not only avoid unnecessary human suffering but will save the company significant out-of-pocket expenses that goes right to the bottom line. *(And don't forget how our integrated Video DashCam Capture service can assist in both safety and cost savings with insurance carriers!)*

Increased Productivity

Lowering costs is one thing, but telematics also offers fleets more than savings — increased productivity.

Most telematics systems offer numerous productivity-related features, including:

- **Near-real-time tracking:** Fleet and driver managers and dispatchers can actively track vehicles in near-real-time, giving accurate, up-to-date ETAs to customers.
- **Route optimization:** Vehicles are routed in the fastest, safest, and most efficient ways possible.
- **Vehicle health monitoring:** Fleet managers can actively monitor vehicle health, making sure that preventive maintenance is being handled properly and addressing emergent issues before they become downtime catastrophes, keeping vehicles and their drivers on the road and productive.
- **Total Cost of Ownership:** With the data being captured by the telematics solution, fleet managers and business leaders can accurately calculate how much a customer call or a delivery costs and alter pricing accordingly, making this actionable data key for keeping an operation profitable.

Looking Ahead

The best business owners/leaders not only focus on today's challenges, but tomorrow's as well. As part of your business case, address how your potential providers will be able to scale their solution as the fleet grows, its mission changes, or new challenges arise.

Demonstrating that you're thinking both tactically (solving a specific fleet challenge) and strategically (looking at how improving the fleet fits into the goals of the entire business) will help make your case.

While you need to make a strong case, meeting any potential objections, and clearly outlining how telematics will help their organization in the long- and short-term is

critical, furthermore: make sure you know your audience. Walking into a presentation with decision makers armed with a 50-slide PowerPoint deck won't make your case. Instead, keep your presentation brief and to the point with three to five slides that get to the essentials of your case, including the ROI potential — and addressing the decision makers' pain points — is best. If you've done an effective job with your short presentation, you'll have piqued the executives' interest, and — in the best-case scenario — you'll be peppered with follow-up questions that show high interest in our solution and deployment.

Finally, while cost should be a consideration, how it will solve your prospective customers immediate business challenges and help add to the bottom line is the crucial point. ROI information helps you to convince them that investing in a new, potentially disruptive technology makes good fiscal sense. By focusing on the solution's ROI potential, you will have a good chance of convincing your prospect that telematics is the right direction for the company as a whole.

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