

Worth mentioning: Telematics presents chicken & egg dilemma

According to Aeromark's managing director Roger Marks, companies need to invest in telematics to establish whether it's worth investing in telematics. (1/6/2006)

In order for companies to measure the potential improvement and cost savings that telematics can deliver, says Marks, they need to have a telematics system in place. The business climate is changing. Fuel costs are hitting all-time highs, customers are demanding increasingly higher levels of service, and new legislation continually increases the administrative burden.

Today, more than ever before, fleet operators need a helping hand from technology to get the best out of their vehicles and workforce.

The precise needs change depending on the sector.

For long-haul HGVs, fuel is a major consideration, representing up to one third of a vehicle's operating costs. One way to save fuel is to reduce mileage by calculating the shortest routes rather than the fastest ones.

For local delivery drivers, savings are more likely through effective workforce management: knowing that a vehicle is sticking to a prescribed route or how much it's being used at the weekend or evenings.

While direct costs savings can be measured, telematics systems can also reduce admin costs by 75%.

But the decision to invest in telematics is clouded by the impossibility of calculating the return on investment.

The trick, says Marks, is to keep it simple. "To get most of the benefits of telematics it's not necessary to invest in highly complex equipment and software that will never be used. In fact it's a positive disadvantage."

Much better, he says, to focus on the few key functions that will deliver most of the savings, then expand the system as additional features are required. "It's important to understand what the business needs to do to be more profitable, not start from the position of what can the technology do. As always, 80% of the benefit comes from 20% of the features: the key is in knowing which 20%."

Apart from the Catch-22 situation described earlier, other issues clouding universal acceptance of the technology that some see it as being complicated, while others view it with a degree of suspicion – regarding it as implied criticism of the workforce.

However, what often happens is that a company sees a competitor invest in telematics, doesn't want to be left behind, so makes an impulsive - often expensive - decision to invest in an off-the-shelf product that has not been designed for them and for which their staff

have not been adequately trained. Result: it sits on a shelf and contributes nothing. “Worse still,” says Marks, “it gives the telematics industry a bad name.”

The telematics industry is forecast to grow by 30% year-on-year. Companies that do not invest in telematics will become increasingly left behind. But there are risks. As more companies enter the market, so there will be even more basing their business plan on fast growth, rapid profits and a quick exit. Most new suppliers will not survive.

The telematics companies of the future will be only those that are in the business for the long haul: investing in product development and support and developing truly robust, flexible systems that can provide what a company needs, not just a box of clever tools that nobody knows how to use.