

ROI of Switching Telematics Providers

For fleets today, technologies such as a telematics, GPS, and fleet management solutions are a must. However, there's a balancing act that needs to be maintained between the initial expenditure and the potential return on investment (ROI). Fleet professionals agree technology pays for itself by means of improved efficiency leading to an overall reduction of operational costs. But ROI may not always be a cut-and-dry equation and can result in intangible or hard-to-measure benefits that can't easily be shown on a traditional balance sheet.

An alternate method of assessing the worth of a business decision is to use value on investment (VOI) because it includes both the financial return and the more abstract value received from the venture. It can even be advisable to proceed with a strategic move that doesn't have a favorable ROI as long as VOI exists. Ultimately, you have to ask yourself what will cost more—investing in a quality solution, or the losses incurred by not doing so?

Intangible benefits can be among the biggest gains for fleets. For example, according to a recent survey of field service companies conducted by Verizon Connect and Bobit Business Media, about 28% of fleets expected improvements in customer service before they implemented a telematics/GPS tracking solution. In fact, more than half of the respondents (52%) experienced improvements in customer service. These same fleets also saw a 22% decrease in the number of collisions—another metric that is difficult to quantify in hard dollars and cents on a balance sheet.

Improved Customer Service

As the fleets in the Verizon-Bobit survey discovered, the improvements that telematics brings to basic operational functions—such as routing and the opportunity to connect the solution to the back office, drivers, and their vehicles—can have a profound impact on the ability to serve customers better.

Advanced telematics solutions with automated dispatch functionality can help fleets schedule and assign jobs to the right person, at the right time. With a near real-time window into driver status and location, fleets can improve emergency response times. Status updates enable fleets and, more importantly, their customers to know when they can expect a service technician or driver to arrive.

For fleets, insights into driver behavior enable managers to identify potential risky and wasteful driver behaviors and address them to save money, keep drivers safe, and improve the fleet's public perception as a safe, green operation.

Increased Productivity

The key to profitability is productivity, and telematics has been shown to make fleet operations more productive. For example, 49% of respondents to the Verizon-Bobit survey reported that their fleets' productivity improved after implementing a telematics/GPS solution.

This is because drivers can get more done in less time with automated scheduling that places their jobs in the most efficient order for the day. Route optimization helps drivers identify the safest and quickest way to reach customers by avoiding traffic, construction zones, or driving hazards.

Electronic reporting simplifies laborious paperwork, freeing workers to focus on their primary jobs and giving fleet and operational managers quicker access to data. Historical performance records help companies discover what can be done better the next day—optimizing operations, reducing unnecessary miles and vehicle wear and tear, and keeping field technicians on time, thus maximizing the number of jobs and stops they can make in a day.

Visibility into how fleet assets are being used can also assist companies in determining whether more can be done with fewer resources, potentially rightsizing the fleet to increase productivity while reducing the bottom line.

Lowered costs

Optimizing productivity will almost certainly help lower costs. Many fleet management systems can help identify potential waste related to operational or driver inefficiency, including routing, idling, and harsh driving behaviors such as hard braking or acceleration. Speeding alone can have a huge impact on your budget: each mile per hour above 50 mph increases fuel consumption by 1.5%, and wear on tires almost doubles on road speeds of 70 mph or greater, according to business.com.

Telematics can open the door to a variety of savings solutions, such as insurance discounts, tailored training and incentives for drivers, and improved safety measures. Automating preventive maintenance can also save your organization a bundle, alleviating unanticipated costs of repairs and downtime. According to a recent survey by Automotive Fleet, operating costs increased in 2018 for the first time in five consecutive years, but preventive maintenance costs remained stable—due in part to onboard vehicle technology.

Optimize Now

If you have a telematics solution already, and aren't experiencing improved customer service, increased productivity, and lower costs, it may be time to consider switching to a different system that can meet your fleet's operational needs. It is well worth your time to do the research and make the change. According to a survey by C.J. Driscoll and Associates, a strategic consulting and market research group focused on GPS and wireless products and services, 66% of fleets reported they had recouped their investment. In the Verizon-Bobit survey, 30% of respondents reported experiencing ROI in six months or less.

Finding the Right Provider

The following criteria will help fleets identify a provider that can deliver a solution with a positive ROI:

1. Has a proven product and established reputation
2. Offers a scalable solution that can meet short- and long-term needs
3. Gives fleets an opportunity to conduct pilots
4. Provides training prior to and support following implementation
5. Includes knowledgeable and accessible 24/7 customer service
6. Possesses resources to keep innovating

Reaping the Benefits

Not every solution is right for every fleet; managers who aren't seeing results should consider switching to a provider that is a better match. While it may mean incurring some additional costs upfront, once a fleet has the right telematics solution in place, it can reap all of the benefits the program brings to the table, including ongoing ROI.

The right system should more than pay for itself, both on an accounting balance sheet and in the success and longevity of your organization. According to a report by the World Economic Forum, "The digital opportunity is the chance to spark innovation and lay the foundation for a prosperous future." For example, one of the respondents to the C.J. Driscoll survey noted that it was seeing an ongoing [\\$50,000 per month](#) from its GPS fleet management solution. While this high dollar amount may be an exception, it points to the ongoing, positive benefits of having the right telematics solution in place.

Switching telematics providers may be a step you need to take to lay a foundation that offers more than a positive ROI—one that will ensure the future of your fleet with a strong VOI.