

# Fleet management risks and trends

*The transport sector has been hit hard by the economic meltdown, forcing fleet owners to increase their focus on managing vehicles more efficiently. The need for a comprehensive fleet risk assessment has almost become mandatory.*

**LAST YEAR** will go down as one of the most challenging years, and experts see a glimmer of hope on the horizon for 2010. Although anyone can be adequately covered in South Africa, the moment a loaded truck crosses a border different insurance risks come into play. Beyond the borders, political risk becomes a major consideration. In some countries, civil war or invasion is a constant threat. Transporters have evolved to managing risk actively in response to the dynamic nature and rapid changes in emerging markets.

Brendan Horan, general manager: Sales and Marketing for MiX Telematics, says trading in the global village has a very different set of dynamics to those governing Africa. Businesses have had to adjust to the demands of an unstable and unpredictable environment. The improvement in cellphone network coverage in Africa and subsequent roll-out of GPRS and GSM has created a demand for higher-end fleet management.

"Customers want to have access to live tracking facilities to monitor their vehicles. Where there is no cellular coverage, we use satellite communication to track vehicles," he explains. The satellite solution is more expensive, so GPS positioning via GPRS is first prize. The company's technology uses least-cost routing to optimise the cost of communication.

## Trends

According to Horan, the top five trends to look out for in 2010 are:

1. Reduction of carbon emissions: The UN Climate Change Conference in 2009 was only one indicator of the significance of global warming. The pressure on commercial fleets is growing, and stricter regulations have to be prepared.
2. Mobile applications and ubiquitous access: The number of vehicle tracking and telematics solutions accessible via mobile platforms will increase remarkably. The recently

launched MiX mobile application is a prime example of delivering relevant information and features to a user.

3. Location-based services (LBS) and personal tracking: The potential of LBS has not yet been fully recognised. But, 2010 might be the tipping point for LBS in enterprises, which makes personal tracking more popular with end users.
4. New systems and price pressure: The advance in telematics technology has made it more common and affordable. This means manufacturer and solutions providers will increasingly feel the price pressure. Furthermore, we can expect a trend towards substituting 'traditional' on-board computers, for fancy mobile devices to communicate with vehicles.
5. A new level of user experience: In the past, user experience was restricted by browser limitations, but now programs such as Silverlight bring a new level of user experience to fleet owners. More sophisticated, faster applications put more control in the hands of users and will be a key differentiator between telematics services.

## The options

As living standards improve, however, so does the need to advance technologically, and since fixed-lines are so limited, many Africans have laptops and 3G access, facilitating the growth in fleet management. The company offers fleet managers two unique products to reduce fleet costs and track their fleet anywhere in the world.

The FM Communicator has been designed for high-end fleet management. It starts with a driver identification feature and includes driver performance monitoring, advanced movement management and vehicle utilisation features. "All the functions are essential for accurate fleet management. Fleet managers want to know who is driving the vehicle, and how to manage driving performance," says Horan. The FM Tracer is scaled down in terms of its



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Sales and Marketing for MiX Telematics**

features and is ideal for entry-level fleet management. It offers limited but essential features including tracking and is still an excellent solution for managing fleet with real-time or historical vehicle and driver information, from any Internet source in the world. Commenting on the success of the product, Horan says the secret to effective fleet management relies on the use of the information.

Moving forward, he believes the current increase in cargo versus vehicle theft is expected to continue. Fuel theft is also a major challenge. It is far more lucrative to hijack trucks than cars, which has led to an increase in this crime. The company is currently working on solutions to combat this trend.

Last year's economic downturn resulted in a noticeable drop in the activity of line haulage and transportation and a reduction in fleet sizes. Horan anticipates this trend will stabilise but the impact of the recession is still being felt. On the issue of fuel savings, if the world economy continues to rebound, many experts expect the price of crude oil to head back towards US\$100 per barrel again. This will put additional pressure on fleet owners, resulting in cost savings based on decreased fuel consumption to remain a big drawcard.

"Many of these challenges facing fleet owners are interconnected and can be addressed with sophisticated vehicle-tracking and fleet management solutions," he concludes. **35**

*Brendan Horan has been in the automotive and software industry for 10 years with two years focused specifically on telematics fleet management solutions.*