

# 2018 **TELEMATICS BENCHMARK REPORT**

TELETRAC NAVMAN



UK EDITION



# Foreword

The Teletrac Navman 2018 Telematics Benchmark Survey continues a research effort initiated in 2017, conducted among fleet management professionals. Participants derive from a range of specialities and industries.

This is the second year of the survey so this report offers comparisons with the previous year, to offer a clearer picture of ongoing challenges and developing trends.

## KEY THEMES



While managing costs remains the top business challenge in 2018, emphasis on other management priorities – increasing revenue, dealing with risk and finding/retaining staff – all rose noticeably this year.



The implementation of technology that can help improve regulatory compliance gained in significance compared to 2017.



Due to higher demand for services, many organisations intend to increase or upgrade their vehicles or equipment in 2018. Additionally, respondents indicate a need to replace ageing assets or implement newer technology.



## Costs and revenue growth remain foremost objectives

Survey results continue to show these two as the leading issues, while managing risk and finding/retaining talent moved up.

Managing costs led all other challenges, taking an even larger share in 2018. But the importance placed on growing revenue, managing risk, and finding, retaining and developing talent rose a greater amount on a percentage basis.

While driver fatigue was a new answer choice in this survey, respondents indicated that it was not a new concern as it received an eight per cent response.

### TOP BUSINESS CHALLENGES

(Respondents could select up to two answers.)

■ 2018

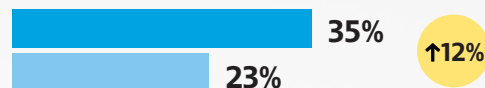
■ 2017

● Indicates significant shift from previous year

#### Managing costs



#### Growing revenue



#### Minimizing vehicle/driver incidents



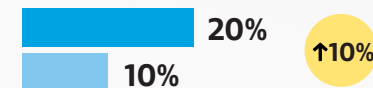
#### Business expansion



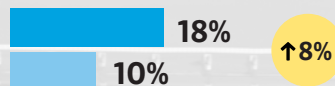
#### Customer retention



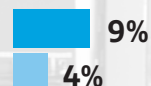
#### Risk management



#### Finding, retaining and developing talent



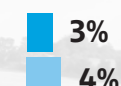
#### Regulatory changes



#### Driver fatigue management



#### Other



# Goals are centred on the bottom line

Costs, profits and the customer base are principal motivators this year.

Organisations want to accomplish more than merely keeping a lid on costs in 2018. They aspire to improve margins further by finding means to increase profit and add customers. These top three objectives indicate that financial considerations are the main business drivers.



After introducing a telematics system for Shetland Council in late 2016, the software helped the community save on average £8,400 per month in fuel reduction, equating to annual savings of more than £100,000.<sup>1</sup>

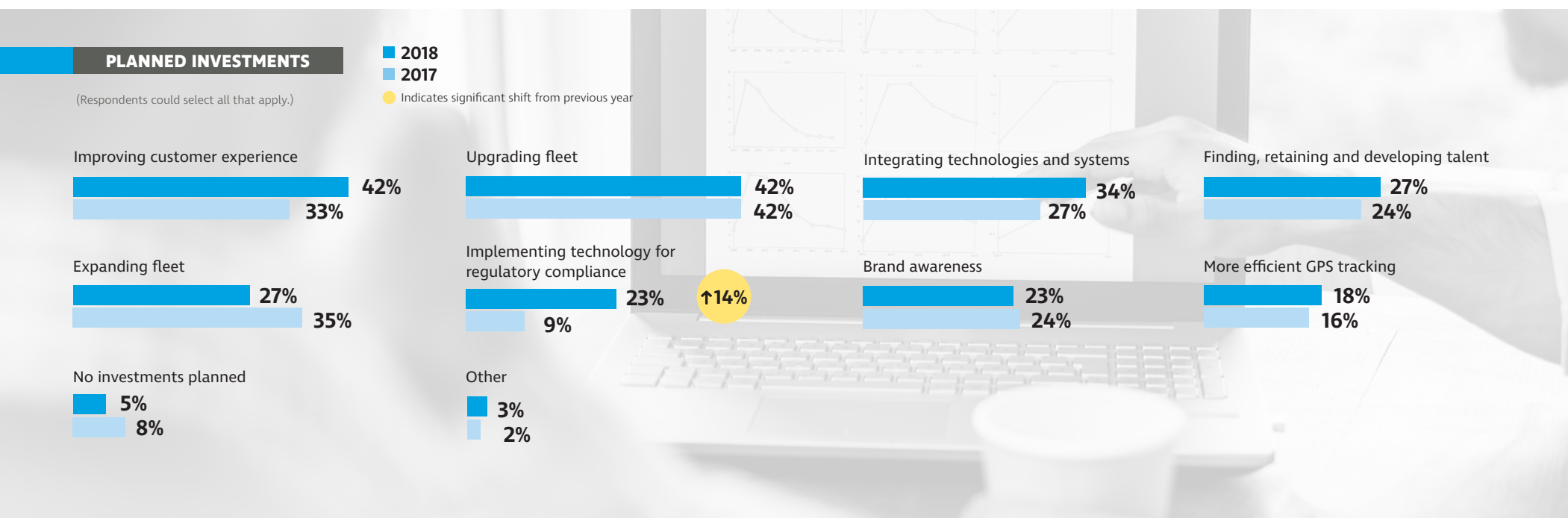
1. <https://www.teletacnavman.co.uk/company/customers/shetland-islands-council>



# Compliance and regulatory concerns take on more significance

Customer satisfaction, asset upgrades, technology/system integration and staffing all remain high but a faster-moving trend appears in compliance awareness.

Organisations continue to place importance on modernisation, with upgrading fleets once again receiving a 42 per cent share in planned investments. Interest in technology related to regulatory compliance rose more than 14 per cent over the previous year.



Next-generation digital tachographs include a Global Navigation Satellite System, a wireless function to communicate to enforcement officers about possible manipulation, and integration with intelligent transport systems such as telematics equipment.<sup>2</sup>

2. [http://www.fta.co.uk/policy\\_and\\_compliance/road/drivers/tachograph\\_compliance.html](http://www.fta.co.uk/policy_and_compliance/road/drivers/tachograph_compliance.html)

Regarding fleet upgrades, the new heavy goods vehicle (HGV) market declined 2.6 per cent overall in 2017, with 45,045 heavy trucks registered last year. Within this segment the demand for larger, articulated vehicles remained steady, finishing the year up 0.8 per cent, and purchases of dropside trucks rose 9.2 per cent.<sup>3</sup>

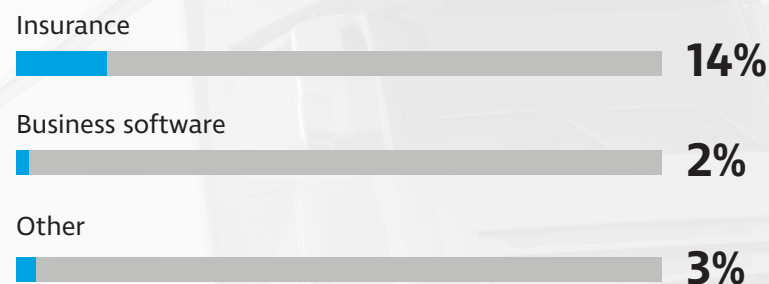
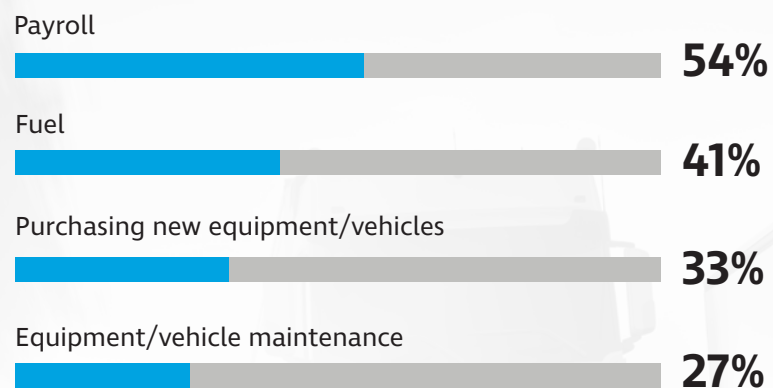
3. <https://www.smmr.co.uk/2018/02/uk-hgv-market-declines-2017-demand-artics-refuse-trucks-bucks-trend/>

## Organisations' top expenditures in 2018

These budget items exert a major influence on day-to-day operations. Payroll and fuel are the top two expenses, joined by purchases of new assets and maintenance.

### LARGEST EXPENSE AREAS

(Respondents could select up to two answers.)



**Sales of road diesel in Britain have been increasing steadily**, with demand exceeding 29 billion litres in 2016. Two factors are behind the rise – one is that for decades, diesel passenger vehicles have gained in popularity. The other is the growth in UK freight transport.<sup>4</sup>

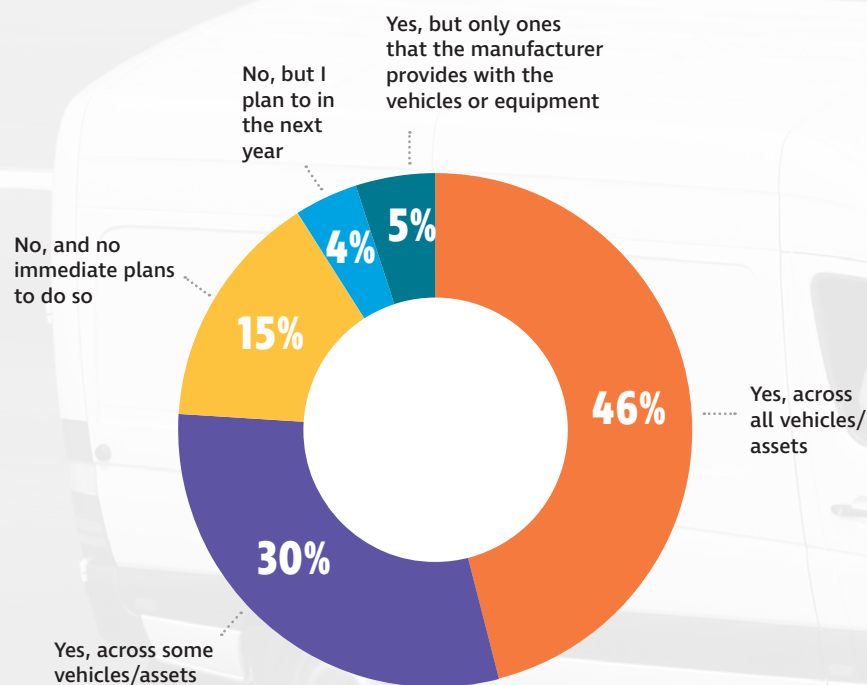
<sup>4</sup>. <http://www.ukpia.com/docs/default-source/default-document-library/statistical-review-2017---final-website.pdf?sfvrsn=0>

# Most regard telematics as essential

By a wide margin, vehicle fleets and equipment rely on the technology. For 2018, 85 per cent of organisations either currently use telematics or plan to introduce this technology within the next year.

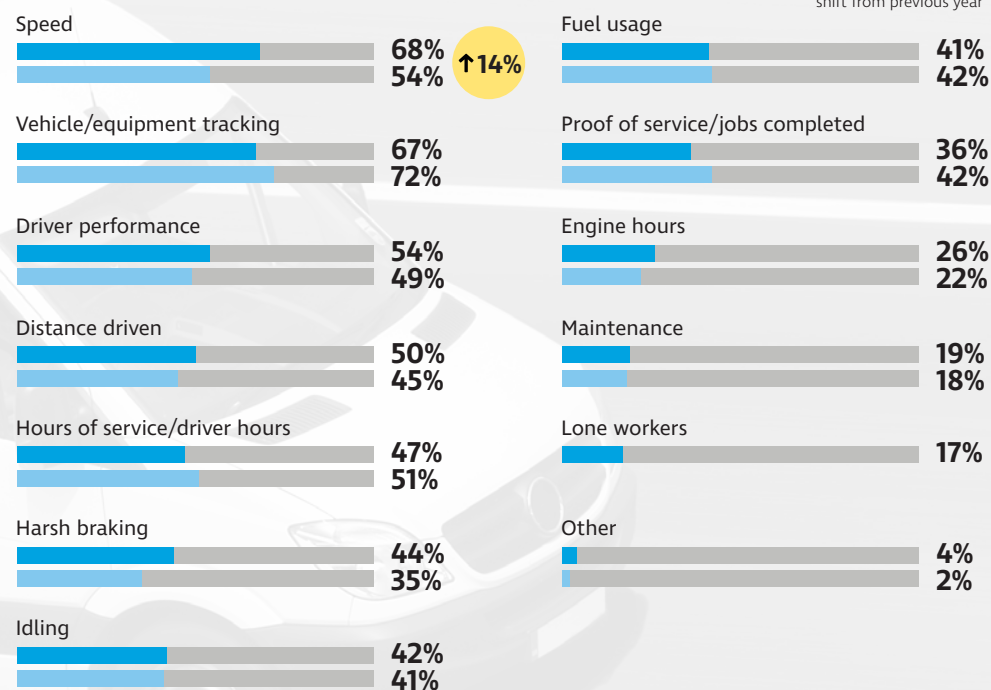
Interest in tracking vehicle speed increased this year, 14 per cent higher than the previous year. Speed and location tracking were the top two responses.

## ORGANISATIONS THAT USE TELEMATICS



## WHAT ORGANISATIONS MONITOR WITH TELEMATICS

(Respondents could select all that apply.)



Lone worker was a new answer choice in the 2018 survey and received 17 per cent, a significant response indicating lone worker tracking as a meaningful metric to monitor for organisations. One contributing factor to this could be that the number of zero-

hours contracts in the UK rose by 100,000 in 2017. Now employees who work only as and when they are needed are more often isolated in their roles creating a need for telematics monitoring.<sup>5</sup>

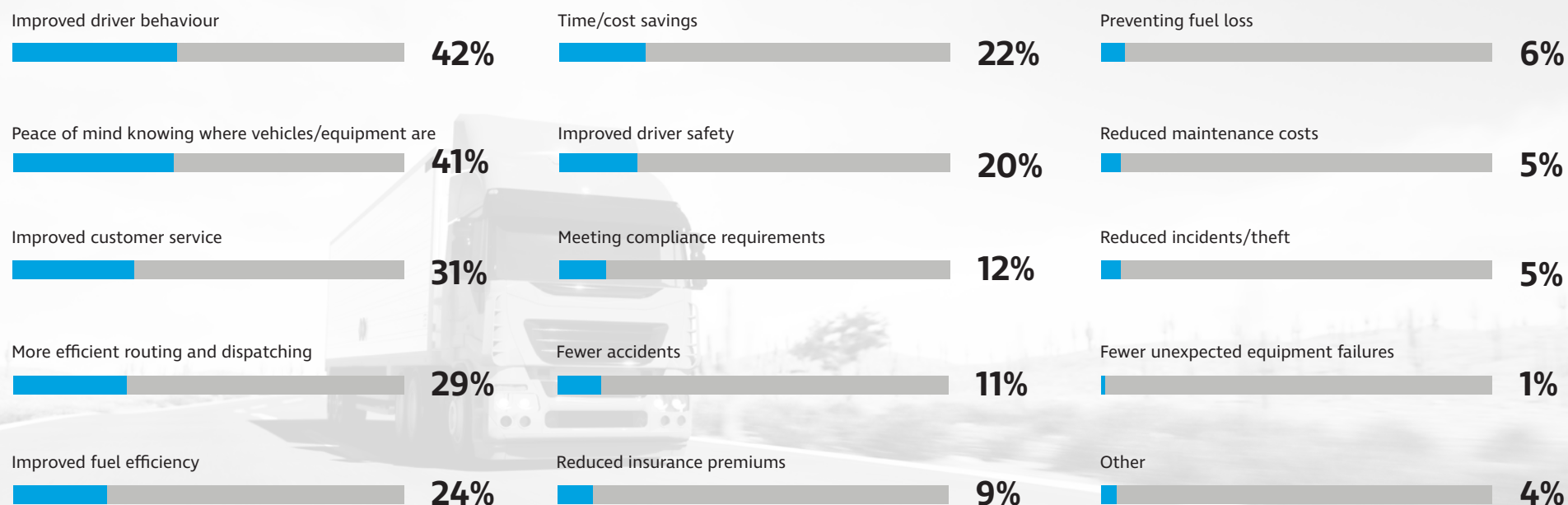
5. <https://www.theguardian.com/uk-news/2018/apr/23/number-of-zero-hours-contracts-in-uk-rose-by-100000-in-2017-ons>

# Telematics can support better driving, better tracking and fewer accidents

Survey respondents report real gains from use of a telematics solution. Organisations that have implemented telematics technology attest to its value in managing operations. They cite improved driver behaviour and peace of mind knowing where their material assets are.

## TOP BENEFITS OF USING TELEMATICS

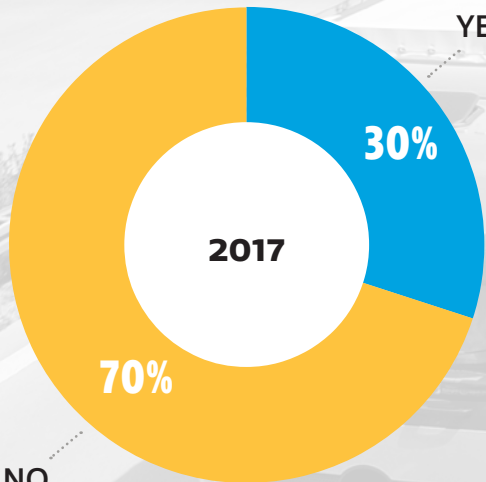
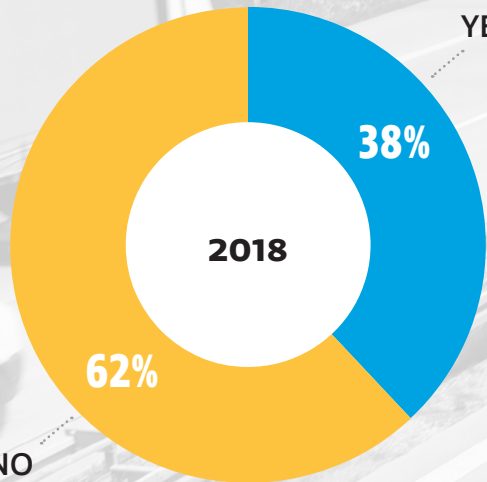
(Respondents could select up to three answers.)



# Safety records are improving, and technology is a reason

A growing number of survey respondents credit a decrease in accidents due to their use of telematics. The survey shows that now, more than a third attribute at least part of improved safety to their telematics solution. This is an eight per cent increase from last year.

## SEEN FEWER ACCIDENTS AS A RESULT OF TELEMATICS

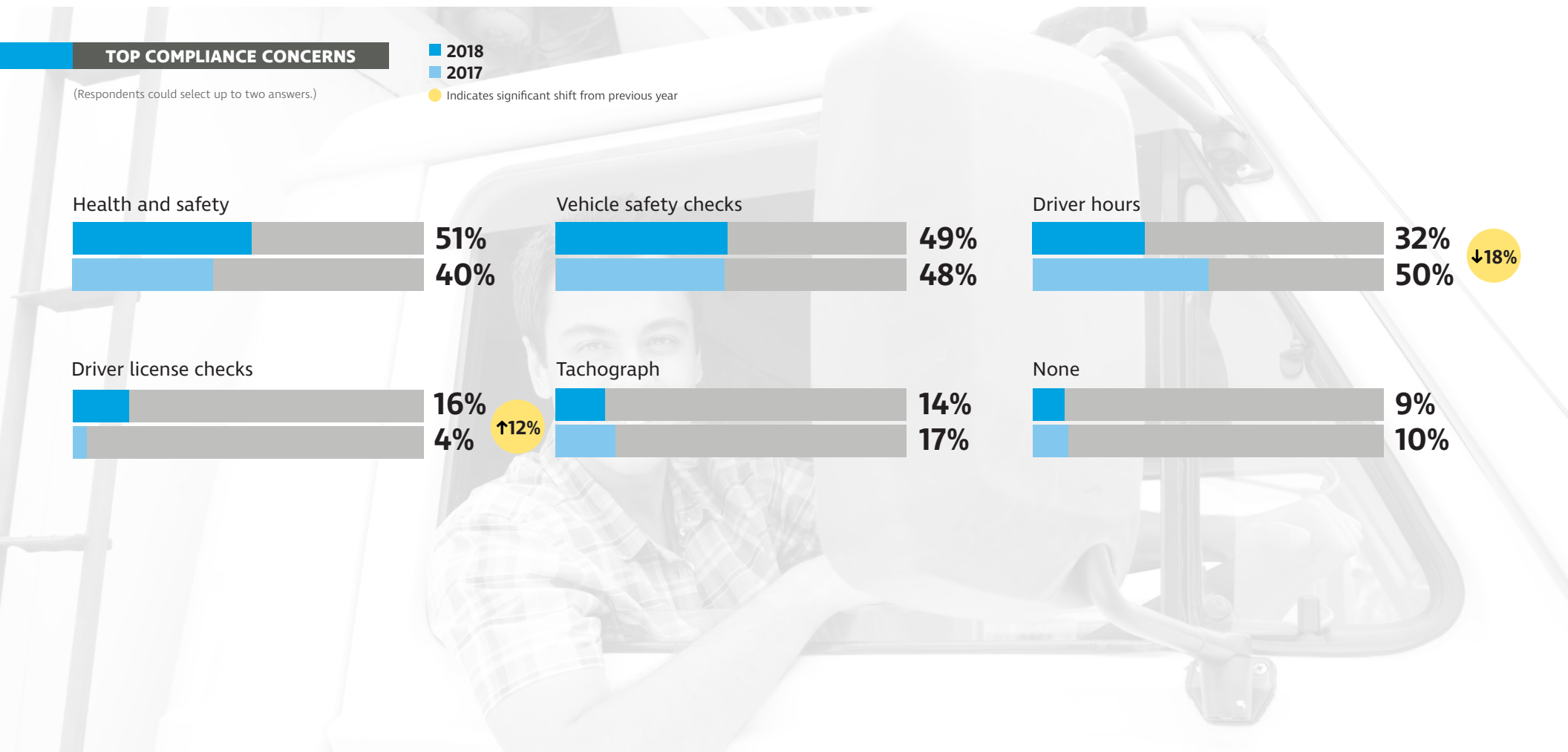




# Organisations change their focus on compliance issues

Driver hours are receiving less attention and licence checks more so – while driver and vehicle safety dominate compliance concerns.

Compliance issues revolve mainly around physical factors – the health and safety of drivers, the condition of vehicles and their ability to pass inspection. But where driver-related regulations are involved, 2018 saw a fluctuation in responses from 2017.

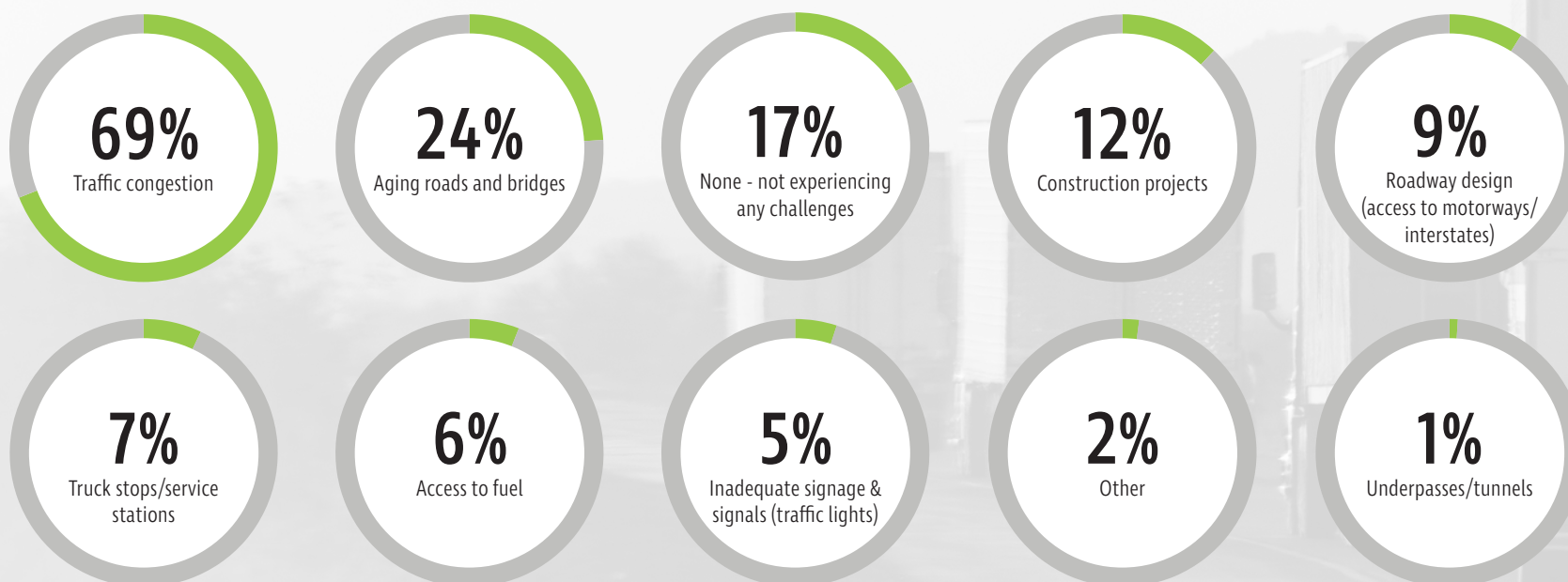


# Infrastructure: an ongoing impediment to vehicles

One concern leads the rest by a wide margin. Traffic congestion is far and away the biggest problem that plagues UK organisations.

## MOST CHALLENGING INFRASTRUCTURE ISSUES

(Respondents could select up to two answers.)



The UK takes 10th place as the most congested country in the world while London is named the second most gridlocked city in Europe.<sup>6</sup> It may take time to alleviate this issue and other challenges as Britain's future infrastructure spending could be influenced by investors' decisions. A 2017 survey that ranked 40 leading nations

6. <https://www.bbc.co.uk/news/uk-42948259>

attractive to investors in major infrastructure projects found the UK – previously in first place – now fourth in line, after the Netherlands, Canada and Germany. The report suggested that concerns created by Brexit may be an unsettling factor.<sup>7</sup>

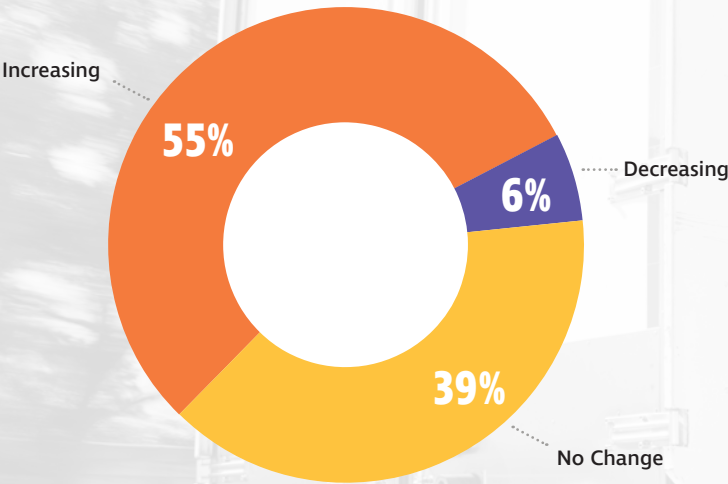
7. <http://www.telegraph.co.uk/business/2017/11/27/britain-falls-infrastructure-investment-ranking-brexit-political/>

# Most organisations plan to build up their physical assets

A majority of organisations intend to make capital investments toward vehicles or equipment. While many will maintain their current vehicle/fleet totals, the number planning to downsize remains small.

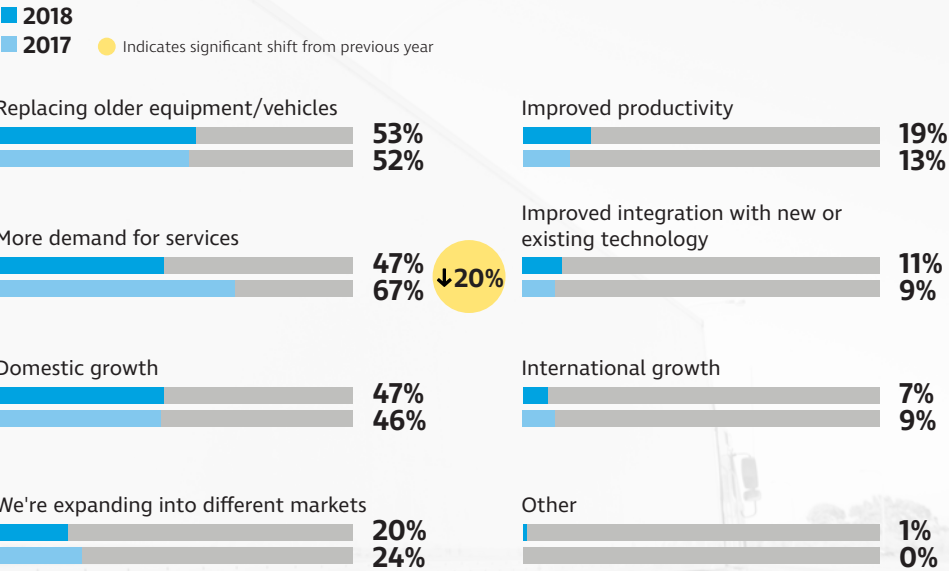
Wear and tear or technological obsolescence are the reasons behind fleet/equipment expansion. A dramatic change since the 2017 survey is a 20 per cent drop in respondents increasing fleet size based on market opportunity.

## CHANGES BEING MADE TO EQUIPMENT/FLEET SIZE OVER THE NEXT YEAR



## WHY ORGANISATIONS ARE INCREASING THEIR FLEETS OVER THE NEXT YEAR

(Respondents could select all that apply.)



Survey participants report that a majority (59 per cent) intend to increase fleet/equipment size through purchase of new assets, more than 42 per cent who choose to lease or 19 per cent looking to acquire used assets. Respondents also indicate a

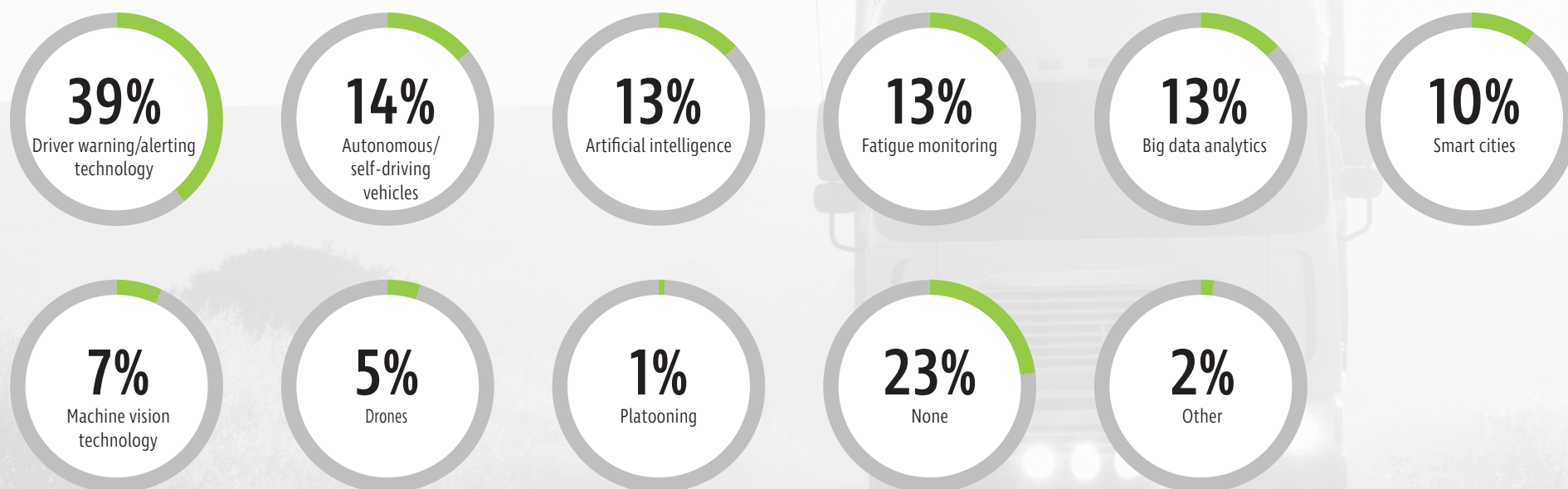
sense of urgency to adopt new technological developments as the UK moves away from oil due to the government plan to ban diesel and petrol cars by 2040<sup>8</sup> and the new plug-in car grant scheme currently in place.<sup>9</sup>

8. <https://uk.reuters.com/article/us-britain-autos-idUKKBN1AB0U5>  
9. <https://www.gov.uk/government/publications/plug-in-car-grant/plug-in-car-grant-eligibility-guidance>

## What's the next big step in technology?

Survey respondents indicate which technological advances they believe will bring about changes affecting their occupation. Driver warning or alerting devices take the lead in expectations regarding new technologies and their influence on the industry. Despite the media attention on autonomous vehicles, survey participants believe that technology will produce less effect – at least for now.

### EMERGING TECHNOLOGIES EXPECTED TO HAVE THE GREATEST IMPACT ON BUSINESS OPERATIONS IN THE FUTURE



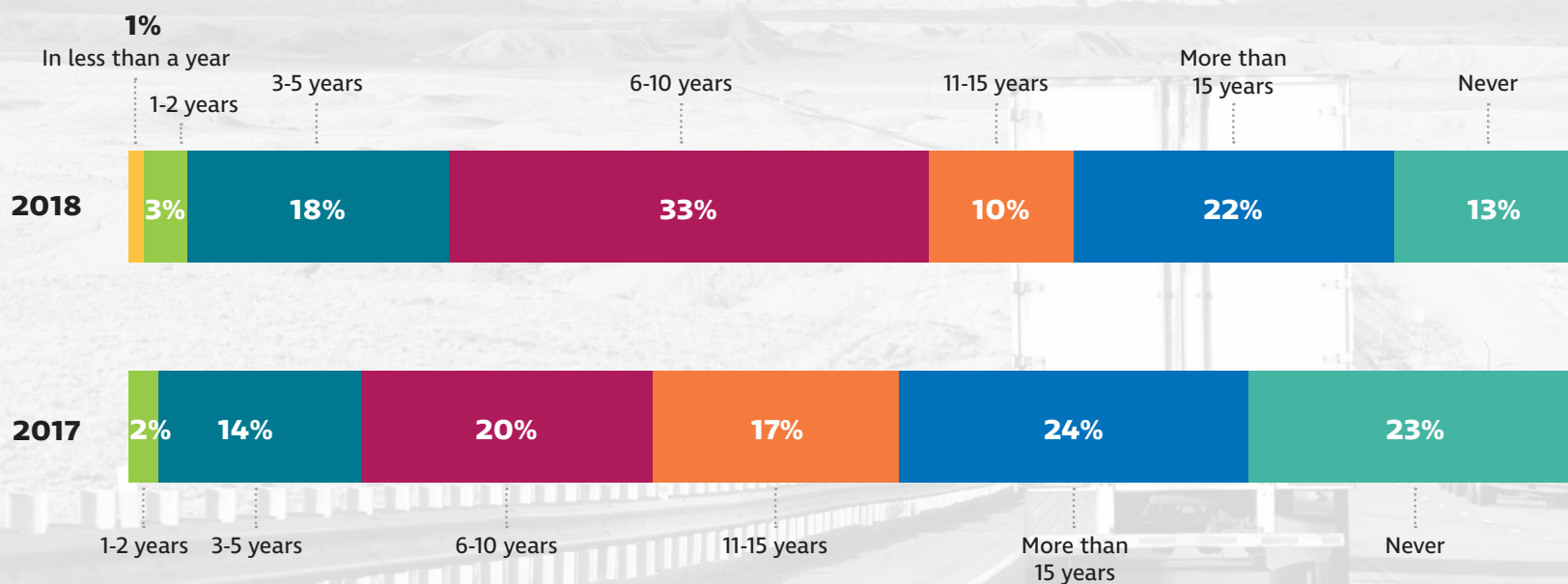
In its 2017 **Global Connected Truck Telematics Outlook**, international research firm Frost and Sullivan predicted that within five years, vehicle telematics solutions will be a standard vehicle component across the industry due to the technology's importance in modern trucking.<sup>10</sup>

10. <https://www.smmmt.co.uk/2017/04/feature-how-telematics-and-connected-technology-is-shaping-the-truck-industry/>

## ... And when will self-driving vehicles become a reality?

Confidence in this industry-changing technology is on the upswing. This response reveals a striking shift in mindset toward the future of autonomous vehicles, compared to the previous year. The conviction that this technology will never become widely implemented has dropped by 10 per cent and the assumption that it will happen within six to 10 years rose by 13 per cent.

### HOW SOON ARE AUTONOMOUS VEHICLES EXPECTED TO BE COMMONLY USED FOR BUSINESS OPERATIONS?

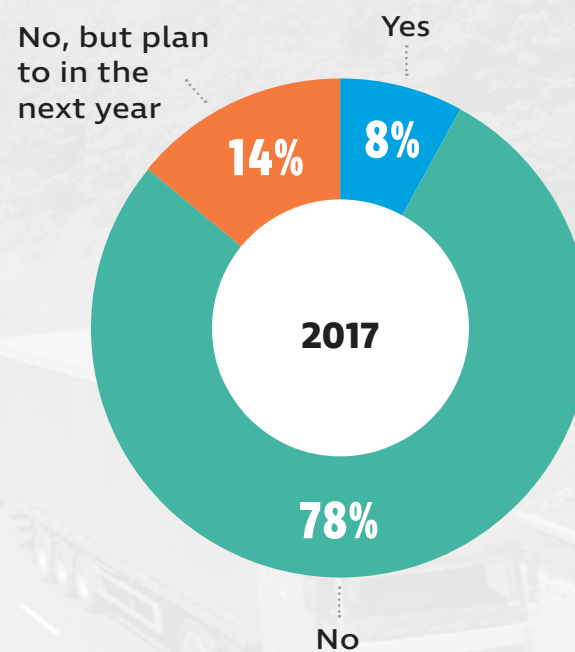
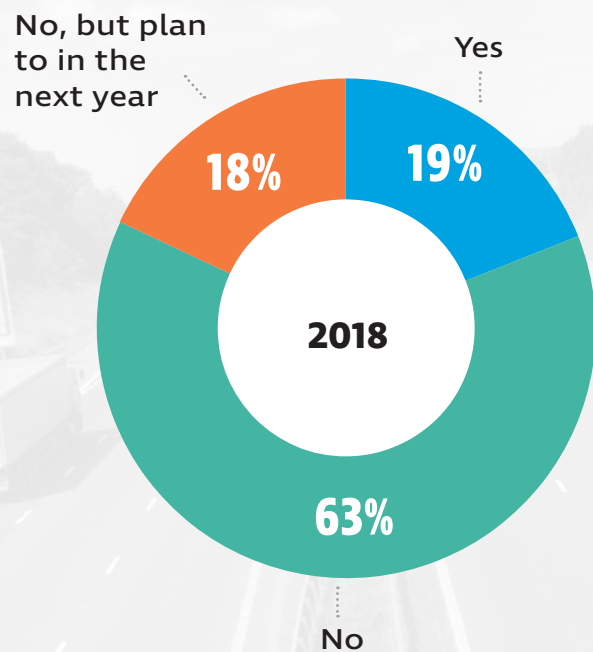




## Use of big data is moving in a big direction

Implementation of data analytics is gaining wider acceptance. Compared to last year, 2018 shows a major move toward the adoption of data analytics; the number of businesses using this technology rose by 11 per cent, the number planning to do so within a year picked up four per cent, and the organisations not deploying big data fell by a corresponding amount.

### APPLYING BIG DATA ANALYTICS TO BUSINESS OPERATIONS/STRATEGIES



## Misuse or theft of equipment and data issues

Both physical and cyber assets require careful monitoring – and concern for the latter is on the rise. The need to safeguard employee information/data went up 10 per cent as a growing concern. Customer information/data gained three per cent and security of truck technology rose as well. At the same time, concern about theft of physical property – equipment, fuel, loads – showed slight drops.

### BIGGEST SECURITY CONCERNS

(Respondents could select up to two answers.)

■ 2018

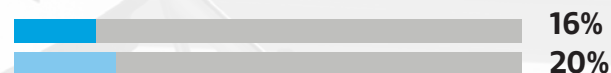
■ 2017

● Indicates significant shift from previous year

Theft of equipment



Theft of loads



Customer information/data



Cyber security of truck technology/data



Employee information/data



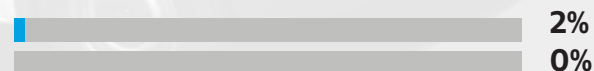
None - no security concerns



Theft of fuel



Other



## Mobile provides connectivity and communication

Organisations find that mobile phones or tablets connected with their telematics system support a more efficient exchange of information. Communication outweighs fleet and equipment tracking of the benefits that mobile devices afford. By leveraging both the telematics system and mobile technology, more direct communication and ease of reporting are capabilities that enable organisations to support efficiency and productivity.

### MOST IMPORTANT EFFICIENCIES/BENEFITS OF MOBILE DEVICES/TECHNOLOGY

(Respondents could select up to two answers.)



**63%**

More direct communications



**43%**

Easier GPS/fleet tracking



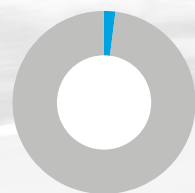
**43%**

Ease of reporting



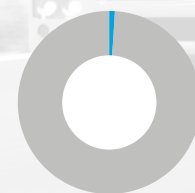
**13%**

Better fuel management/tracking



**2%**

Other



**1%**

None

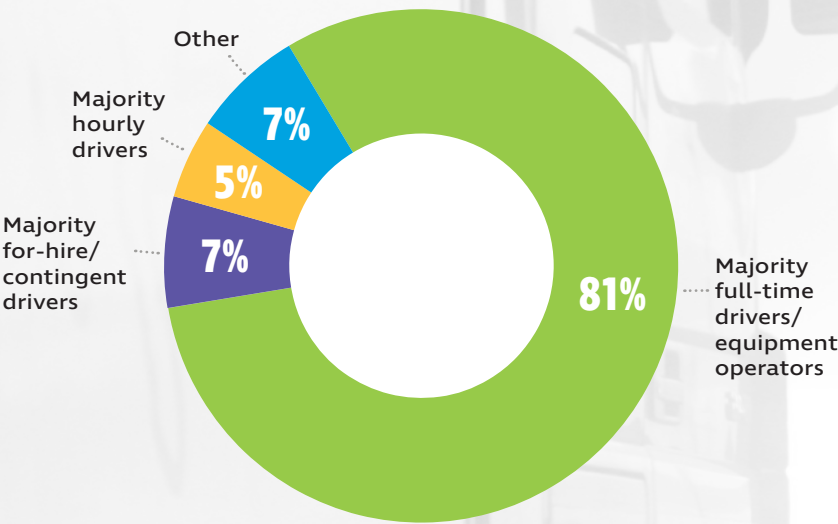
A full 70 per cent of survey respondents currently offer mobile devices/technology to their drivers or equipment operators, or plan to within the next year.

# On the job: employment by category

This year the number of majority-hourly drivers declined by 14 per cent, as full-time drivers/equipment operators increased their presence in the industry.

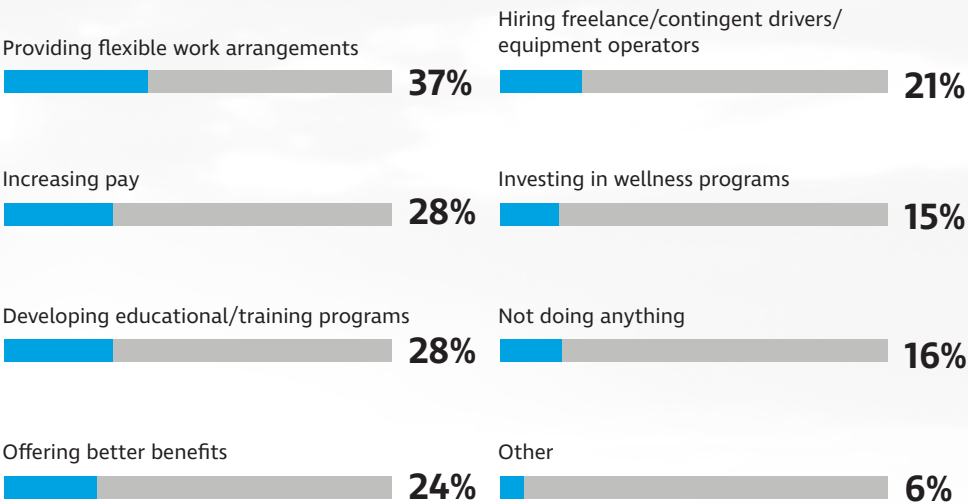
The percentage of freelance or contingent drivers and operators dropped sharply – 23 per cent – as employers offered more work flexibility in an industry that often has unforgiving weekly schedules.

## CURRENT MAKEUP OF DRIVER/EQUIPMENT OPERATOR WORKFORCE



## ADDRESSING DRIVER/OPERATOR SHORTAGE

(Respondents could select all that apply.)



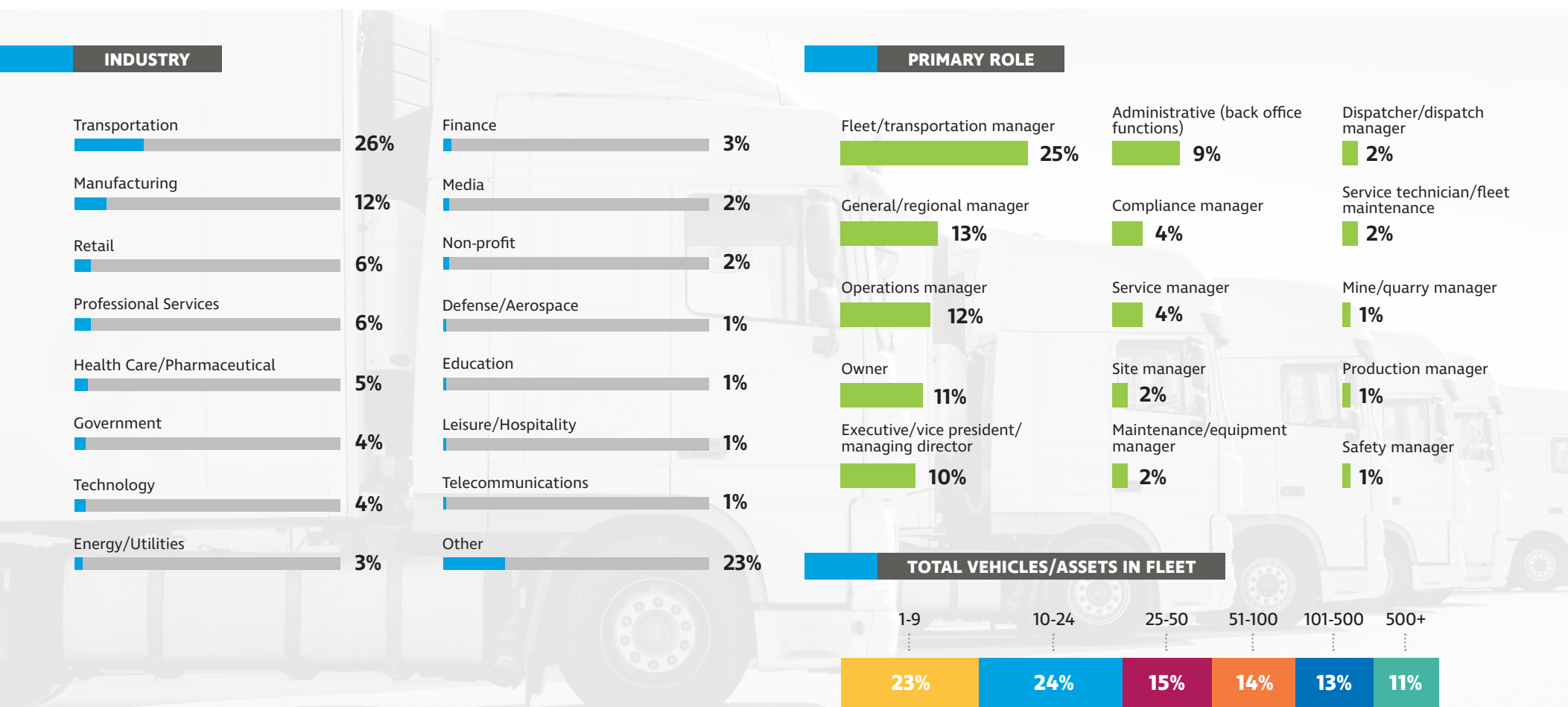
Driver and equipment operator availability and wages are affected by market pressures and during 2017 the UK experienced a near-record high in the employment rate. One influence was a drop in net migration relative to previous figures, with 100,000 fewer people moving to Britain over the year, possibly driven by uncertainty regarding post-Brexit conditions.<sup>11</sup>

To retain current drivers/equipment operators, organisations are upgrading equipment (27 per cent), increasing pay (23 per cent) offering performance-based bonuses (21 per cent), paying a guaranteed weekly rate (19 per cent), improving benefits (16 per cent) and other incentives.

11. <http://www.hiringlab.org/uk/blog/2017/12/18/uk-labour-market-2017-review/>

## Survey overview and methodology

The 2018 Teletrac Navman Telematics Benchmark Survey is based on responses from more than 2,400 fleet operations and fleet management professionals from around the world. Of the total survey respondents, 229 indicated that they were based in the UK. The results described in the 2018 Telematics Benchmark Report: UK Edition, were compiled from those respondents. The report provides an understanding of best practices and fleet management trends in business, telematics, emerging technology, transportation and talent. Results may not amount to 100 percent due to questions with multiple selections. For reporting purposes, all statistical values have been rounded to the nearest whole number.





# TELETRAC NAVMAN



Teletrac Navman is a leading software-as-a-service (SaaS) provider leveraging location-based technology and services for managing mobile assets. With specialized solutions that deliver greater visibility into real-time insights and analytics, Teletrac Navman helps companies make better business decisions that enhance productivity and profitability. Its fleet and asset management technology uncovers information that would otherwise go unseen, helping customers reduce risk and confidently move their business forward with certainty. It tracks and manages more than 500,000 vehicles and assets for more than 40,000 companies around the world. The company is headquartered in Glenview, IL, with additional offices in the United States, United Kingdom, Australia, New Zealand and Mexico. **For more information, visit [TeletracNavman.co.uk](https://www.TeletracNavman.co.uk).**

## 2018 TELEMATICS BENCHMARK REPORT: UK EDITION



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