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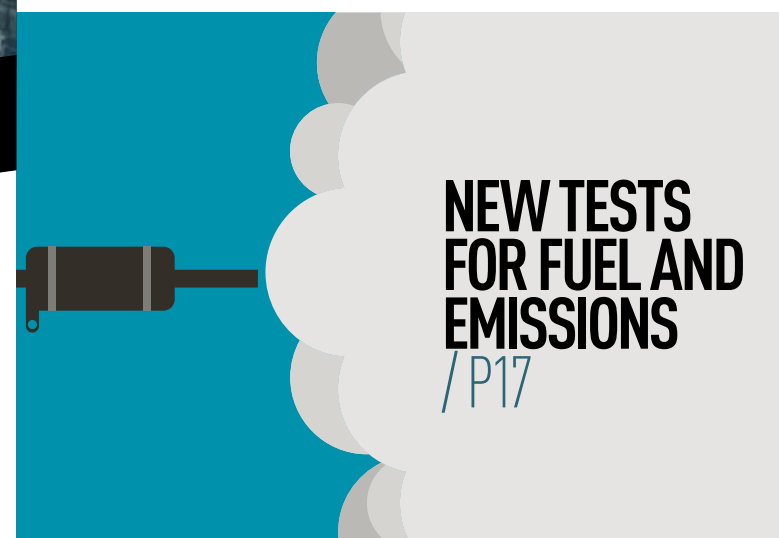


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# CHOOSING THE RIGHT PARTNER TO DO BUSINESS WITH

It's not a 'one size fits all' process – how to find the right partner for you

**F**ew companies run fleet operations without outsourcing some operational requirements to third parties.

Determining which functions should be outsourced is an important decision for a fleet manager, but it is also vital to choose the right provider once those functions have been identified. Outsourcing to the wrong company can have a severe adverse impact on the operation of your fleet, but choosing the right one can help processes run smoothly.

If a fleet decides to outsource only one function, such as accident management or licence checking, it may make sense to outsource to a dedicated specialist, as there will be only one supplier to manage.

But if more than one function is outsourced, then some fleet departments may find it more desirable to appoint one company to look after them all, meaning they avoid having to deal with multiple suppliers, contacts and invoices.

Far from making the process more streamlined and efficient, this can become an administrative nightmare.

However, employing a fleet management specialist means all vehicle acquisition, fleet admin and driver support can be managed from one supplier to optimise fleet efficiency.

In these instances, the majority of fleets will usually choose either their leasing company or an independent fleet management company.

Unsurprisingly, both types of businesses argue that their model is best.

Fleet management companies argue they have a wide range of suppliers for each fleet function, which ensures a company gets the best fit for its operation. It can also set up a competitive mini-tender for every vehicle quote, ensuring the best price is obtained on the day.

Leasing companies claim to offer the best service, with volume of vehicles ensuring the best price on the leasing rate and for service, maintenance and repair.

They also look to bring added value to a customer and, by doing this, enjoy a long-term

partnership rather than seek a short-term gain.

Leasing companies and fleet management companies can both assist in the formulation of your fleet strategy – you have appointed them as your experts and they have access to best practice, new legislation and innovation that will impact your fleet decisions.

Ultimately, the fleet will need to make the call based on the criteria which best fit its operation.

But whichever type of business a fleet manager ends up appointing, there are some best practice procedures that should be followed during the selection process.

First, the outsourcing partner should offer transparent pricing and be the best fit for that fleet, not just the one with the biggest marketing budget.

Companies need to find a partner that suits the way they work. The right cultural fit will usually result in a long-term relationship.

Fleet managers should ask for referrals from potential suppliers and take the time to follow these up. They should visit the company and ask to see its systems and processes.

Compare the claims of the leasing company with the reality of the customer – they might not be the same.

Also, make sure you meet and speak to the person at the leasing company who you will be dealing with day-to-day and who will be working with your drivers – understanding how they work is really important in the decision-making process. Fleet managers need to make sure they are focused on the reasons behind any visit to gain any real insight from it.

Have a clear objective to ensure there is positive evidence that a potential supplier is able to provide the service quality and cost control you are looking for.

However, the work involved in outsourcing a fleet function does not end the moment when a contract is signed. This is where the clear management strategy and service level agreements are key to continually monitor the supplier's performance. This benefits both parties.


Wherever possible, introduce measurements of end-users, such as driver satisfaction. Then, agree and set out a clear timeline for complaint management and reporting.

Fleets need to be clear about, and document, which processes are to be undertaken by the external company and which are to be kept in-house. All internal stakeholders should be aware of, and agree with, the new procedures.

See page 6 for more on setting up service level agreements and managing the supplier relationship.

*“Companies need to find a partner that suits the way they work. The right cultural fit will usually result in a long-term relationship”*





## PARTNERSHIPS WORK – BUT THEY NEED TO HAVE TEETH

It's important to set key measures into contracts to make sure you are getting the level of service you want

A partnership approach with suppliers is vital to underpin a positive relationship, but fleet managers need to be prepared to show their teeth if necessary.

In order to run a fleet efficiently, it is important to be able to manage suppliers effectively. After all, they are responsible for delivering many of the services vital to the smooth operation of a fleet, such as vehicle funding, breakdown recovery or accident management.

Adopting the right approach can ensure suppliers deliver on their commitments, as well as help fleets adopt the latest innovations, which may deliver further efficiencies and savings.

It all starts with a strong contract; without one, if something goes wrong, it can be a lot more challenging to force a supplier's hand to deliver the service you expect.

Contracts should include service level agreements (SLAs) that both parties are happy with, supported by key performance indicators (KPIs) and processes to measure quality, driver satisfaction, competence, price and other issues.

Provisions should be made in case those SLAs are not met, which would ultimately result in breach of contract. It isn't about punishing individual failures – that isn't a partnership approach – but it might punish a certain number of failures in a certain period of time, or consecutive failures, or groups of failures across different aspects of the service.

It helps to focus a supplier when there are consequences for failure.

However, these 'teeth' should be used as a last resort, as most fleets find that allowing some leeway to allow a partnership approach to flourish is rewarded with better service.

Fleet managers can measure supplier performance by introducing a matrix system tailored to requirements from individual partners.

Think about what you are measuring and question key aspects of the service that will give you the confidence that it will meet your expectations.

This isn't about measuring how quickly the phones are answered – that can be a false economy resulting in rushed calls; it's about measuring compliance and regulations. For example, are vehicles being taxed and MOT'd in the way they should be? With accident management, are vehicles being repaired properly?

Regular meetings should be undertaken with suppliers, separating day-to-day operational activities, which ensures that the goals and targets as set out in the contract are being met, from structured fleet reviews.

In addition, regular contact with suppliers allows any problems to be dealt with before they escalate and provides the opportunity for a more effective working relationship.

Working closely with suppliers is a vital part of a partnership strategy.

It is part of the fleet's responsibility to make sure that their suppliers understand what they are trying to achieve, their company and how their drivers behave.

Interactions might vary from weekly operational calls to discuss driver issues and the day-to-day mechanics, to monthly or quarterly meetings where a more strategic overview of the management information takes place, analysing what is happening and how you can evolve and improve the relationship.

Caroline Sandall, ACFO vice-chairman and a former fleet manager, advises fleets to not just focus on the SLAs.

"One thing I've done in the past is had 'pulse'

*"Think about what you are measuring and question key aspects of the service to give you more confidence"*

calls, which are weekly calls of probably less than 10 minutes where we don't talk about SLAs; we talk about how we feel about how things are going," she said.

"You can't measure everything, because SLAs don't always tell the whole story: you can have a service that is green across the dashboard but you can still be unhappy. Do you feel you are being effectively looked after? If not, you need to make sure you have the forum to express that."

Tender reviews provide fleets with an ideal opportunity to review service levels and introduce new requirements, although measuring incumbent suppliers against competitors should be continuous throughout the term of a contract.

For example, it could be written into a supplier's contract that a pricing exercise will be run every two years to reassure procurement colleagues that any deal remains competitive.

Sandall adds: "You need to be linked into the industry constantly so that if you see changes in trends that your supplier isn't reacting to, you need to deal with that as and when it happens and not going out to tender every three years and suddenly finding that you are way off the pace with best practice."

"It can be a large exercise, so you really need to think about what you want to achieve in going to the market. I think you have to be sensible about the frequency because it's not only your time, it's also the suppliers' time."

"If you do it too often and you don't change anything, then the other prospective suppliers will think 'oh, right, ok, we've got another paper to respond to but nothing is going to happen because it didn't happen before'."

"If you outsource a number of activities, you tend to find there are aspects of that service that have become quite bespoke over the years. Trying to describe that to another supplier, to enable them to understand enough to be able to price it effectively, is quite hard to do."



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[aldautomotive.co.uk](https://aldautomotive.co.uk)

## 4

# STEPS TO INTRODUCING ULEVS

It can feel like a leap into the unknown but increasingly organisations are seeing the benefits

1

### IDENTIFY THE OPPORTUNITY

The first step is for an organisation to identify which vehicles on its fleet can be replaced by ULEVs.

There are still limitations to what ULEVs – particularly fully electric vehicles – can do. The availability of good data on existing vehicles and the way they are used can avoid costly errors being made.

To determine which vehicles can be replaced with pure EVs, lower and upper mileages can be set up as guidance.

A slightly different approach should be taken for plug-in hybrids, where electric-only range is not as much of an issue as they can be run on petrol or diesel when the charge runs out.

2

### UNDERSTAND THE COSTS

Once fleet decision-makers have identified opportunities where vehicles could be replaced with ULEVs, they should carry out a wholelife cost analysis of the prospective vehicles against the petrol or diesel models that would typically be used in that role.

Generally, ULEVs carry a P11D price premium over their petrol or diesel counterparts, but fleets can make significant savings in fuel and service, maintenance and repair. Nottingham City Council replaced eight diesel vans with fully-electric Nissan e-NV200 small vans in December 2015 and found they were 80% cheaper to run when compared to vans of a similar size, even taking electricity into account. Another example is Leeds City Council, which expects to save more than £40,000 after taking on 41 e-NV200 vans.

Traditionally, residual value setters expected EVs to suffer heavy depreciation, but this has not been the case as used car buyers have become more confident about the reliability of the technology.

The cost of installing chargepoints should be considered, as should the availability of grants which are aimed at encouraging take-up of ULEVs. The Government has stated they will be under constant review and will continue in some form until at least 2020.

Employers are also able to receive £300 towards the cost of installing chargepoints, up to a maximum of 20 sockets.

3

### OPERATIONAL CONSIDERATIONS

If, after the first two steps, a fleet decision-maker has found that ULEVs are both viable and cost-effective alternatives to petrol or diesel models, then there are some operational matters to consider.

These involve deciding when and where to charge, as well as whether the vehicle's duty cycle should be changed, possibly through route optimisation, to get the best out of the new technology.

If vehicles return to work premises overnight, then the organisation has to make sure that it has sufficient charging facilities.

The development of smart charging, where software can manage when and how quickly vehicles are charged to ensure the demand on the local electricity network does not exceed its capacity while at the same ensuring they are fully charged when next needed, is expected to become more widespread in the near future.

Dependent on the nature of their operations, some fleets may need to consider installing rapid chargers which are more expensive than traditional fast chargers.

4

### DRIVER ACCEPTANCE

Winning driver buy-in is key to ensuring ULEVs are successfully integrated into a fleet.

For car drivers, an effective way to do this is by highlighting the cost-savings they can make through both benefit-in-kind (BIK) tax and fuel.

Data from KeeResources shows that, for example, a diesel Volkswagen Golf 1.6 TDI 115 SE Nav costs 8.62 pence per mile in fuel. In comparison, a fully-electric e-Golf costs 3.14ppm. Over 10,000 private miles, this means the driver will save £548.

The e-Golf driver (20% taxpayer) will also save £317 in BIK tax each year.

It is important to encourage employees to experience ULEVs first-hand and over a decent period of time so they can get used to the different technology.

Often organisations introduce a limited number of ULEVs on a trial basis to help win driver acceptance, an action that Leeds City Council took.



# Dispelling some of the myths surrounding EVs

Ranges are improving all the time as are RV and SMR rates, says ALD Automotive

## Fleet panel

- Alison Moriarty, Arriva UK fleet risk director
- Stewart Lightbody, Anglian Water head of fleet services
- Dale Eynon, Defra Group Fleet Services director
- John Pryor, ACFO chairman and Arcadia travel manager
- David Oliver, Red Bull procurement manager

What are the key topics for debate when decision-makers are considering electrifying their fleets?

Our fleet panel members (above) have identified some of the main considerations and *Fleet News* asked Matt Dale, Head of Consultancy at ALD Automotive, to respond to some of the points they raised.

**Q What are leasing companies doing to help support end-users by applying realistic residual value (RV) and service, maintenance and repair (SMR) rates for electric vehicles (EVs)?**

At ALD Automotive, we have long been a champion of EVs and we

promote the many benefits they offer when compared with the traditional internal combustion engine (ICE) – not only to clients but also within our own company car fleet.

One of the ways we are working with fleets looking to introduce an appropriate EV strategy is to dispel some common myths, including those around RV and SMR rates.

We listened to what the manufacturers had to say about SMR rates for EVs and set them accordingly, building that benefit in for the customer. That strategy proved to be correct. SMR rates have always been cheaper on an EV than an equivalent ICE vehicle. In particular, fears over costs relating to replacement batteries were unfounded. None of the vehicles on our fleet has required one.

RVs are usually based on historic performance, which is tricky with relatively new technology. Again, we're more positive on RVs as it was felt there would be high demand in the used car market. Depreciation calculations were more aligned with the ICE equivalents which, again, proved more accurate and more beneficial to leasing clients than other industry calculations. Now, we set RVs for electric vehicles stronger than ICE counterparts.

The introduction of more models has created added market awareness. Increases in battery range have helped to stabilise

values and increase vehicle longevity, all of which will further improve RVs.

**Q When will 300+ miles cars be widely available and at a price competitive with ICE models?**

This has already happened with the launch of the Hyundai Kona. It has a 300-mile range and, at £36,000, it is available to order now. Most manufacturers plan to launch mainstream, competitively priced models with a 300-mile range within the next three years. The bigger question will be whether they can build enough to keep up with demand.

**Q What are the downsides of owning electric? I want to be as upfront as I can be with my drivers about what they can carry and how they are used.**

Currently EVs are not for everybody. Individual suitability depends on average journey types, commuting distances and total annual mileage.

We recently conducted some real-world research into journey profiles and EV use. It found that if a driver is using one of the many models that can comfortably cover in excess of 100 miles on a single charge, more than three-quarters of all journeys could be completed using purely electric power. With range improvements being made with each launch, it won't be long before EVs can comfortably exceed 200 miles, meaning 94% of journeys could be completed using a single charge.

Of course, access to charging is essential. To keep pace with the growing number of EV drivers, we have doubled the number of charging points available at our Bristol head office. Also, a number of our own company car drivers are taking advantage of the Government home charger grant; others use a three-pin plug.

Charging does take longer than filling up with petrol and you can't use an extension lead. However, driver habits will inevitably adapt as the technology improves. For instance, in future we could find that motorway service stations will cater for customers that stay longer while their vehicles are charging, with some offering virtual offices, improved café facilities and even gyms.

Again, myth busting is important if



drivers are to embrace EV technology. A few examples:

- You can charge it when it's raining!
- It is no more likely to catch fire than an ICE vehicle.
- They are quick – and not just the Teslas.
- You don't need a special driving licence to drive one.
- It won't cost £10,000 every time there is a problem with the battery.

**Q Is there a different driving style to these types of vehicle?**

To get the most out of an EV, drivers do need to learn how to drive and charge it properly. For example, they need to learn how regenerative braking works, realise that harsh acceleration will use the batteries quicker than smooth acceleration and also plan ahead about when and where the vehicle can be charged. These smart techniques aren't just for EV drivers though, they're equally relevant to drivers of ICE vehicles.

We have anecdotal evidence that EVs offer a more relaxed driving environment and a more relaxed driver is less likely to have an accident.

**Q Is it correct that they cheaper to run than ICE cars given there is little servicing? What about the cost of insurance?**

All vehicles need to be serviced. However, due to the reduced number of moving parts in an EV, servicing costs



**“Manufacturers can't provide a quote for the cost of replacing them (EV batteries) because they've never needed to”**

Matt Dale, Energy Saving Trust Fleet Hero and Head of Consultancy at ALD Automotive

are considerably reduced. Also items like brake pads are used less because of regenerative braking.

Some manufacturers are now offering remote software updates so vehicles spend even less time in dealers.

There have been some circumstances where insurance companies were reticent to insure certain EVs, due to extended off-road time in the event of an accident, mainly due to lack of parts in the country. But even these rare incidences will cease as EVs become more mainstream.

Overall, the cost of an EV per mile is much lower than for an equivalent petrol or diesel model. We have seen WLTP results suggesting the cost for electricity is 75% lower than a petrol equivalent.

**Q One driver has advised me that the battery deteriorates and therefore so does the range – how true is this?**

To get the Government grant, batteries have to be warranted for a minimum of five years and retain 80% of their charge for this period.

Battery degradation is a natural occurrence. However, so too is clutch wear or burning oil in an ICE vehicle.

An EV battery is made up of individual cells and on the majority of vehicles these cells can be replaced one-by-one, negating the need to replace the whole battery. Maybe manufacturers can't provide a quote for the cost of replacing them because they've never needed to.

## About ALD Automotive

A global leader in mobility solutions, ALD Automotive provides full service leasing and fleet management services across 43 countries to a customer base of large corporates, SMEs, professionals and private individuals.

Sustainable mobility is at the heart of our strategy, delivering innovative mobility solutions and technology-enabled services to our customers, helping them focus on their everyday business.

As the UK Government ramps up efforts to improve air quality, fleet decision-makers are feeling more

pressure than ever to make the switch to alternative fuel vehicles (AFVs).

Our experts can show how practical electric vehicles (EVs) and plug-in electric hybrids (PHEVs) are in a modern corporate fleet, giving you a better understanding of how they perform across a variety of driver profiles.

Our understanding of the challenges faced by EVs and PHEVs, and how they can help make a difference, will give you the insight required to integrate AFVs within your fleet.

For more information, download your free whitepaper at [alduk.press/phev](http://alduk.press/phev)

For more details email: [ukmarketing@aldautomotive.com](mailto:ukmarketing@aldautomotive.com) or visit: [www.aldautomotive.com](http://www.aldautomotive.com)

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## COMPANY CARS AND FUTURE MOBILITY STRATEGY

The key lies in bringing different departments together for greater cohesion

**T**o adopt a traffic analogy, the company car is fast approaching a junction from which several avenues lead. One exit continues in the same direction, another is destined for oblivion, and a third leads to a future where the company car is just one piece of a mobility mosaic.

In certain environments the company car faces a tsunami of pressures, with congestion and pollution preoccupying city authorities and a generation of 'millennials' no longer considering the car as their default option for every journey.

Confident in planning their own journeys via a mix of shared and public transport, including Tubes, trams, trains and app-hailed taxis, as well as cars and bikes hired by the hour, they're looking for seamless, cost-effective, door-to-door travel.

The irony is that those very same qualities – seamless, cost effective, and door-to-door – are the very factors that have sustained the company car for so long. And in many parts of the country those same advantages continue to apply. Not everyone lives and works in densely populated urban areas, and much of Britain lacks transport alternatives that are as time and cost-effective as the company car.

But progressive employers are open-minded to employee requests for alternatives to the company car.

David Oliver, procurement manager at Red Bull, said the company was already talking to staff who have decided they don't need or want a company car.

Even before benefit-in-kind tax enters the discussion, these employees see a company car as a hassle. They have no off-road parking at home, they're concerned about their car being damaged on the street, and they're

happy to travel into and for work by other means. Red Bull's stylish new headquarters in the heart of Covent Garden doesn't have a single parking space.

"In London, our average business miles are very low, just 6,000 to 10,000 miles per year," said Oliver. "Door-to-door in London can be fulfilled through other travel options."

It might be difficult for Red Bull sales staff to deliver a small fridge to a client via public transport, but the debate has moved on to what viable alternatives are there for these occasional journeys. Short-term car hire normally represents excellent value and convenience, said Oliver.

Outside the capital the metrics change, but not necessarily the discussions with a young workforce that's not wedded to the idea of car ownership. "In future, when you are trying to attract talent, expect questions about what company car do I get to become what mobility allowance will I have?" said Oliver.

Through his procurement role he oversees Red

Bull's travel spend, and with 96% of business journeys booked online via the company's travel agent robust data is available to analyse pence per mile costs via different modes of transport.

Such forensic oversight exposes the myth of mobility solutions as revolutionary. The majority of employers have been buying different transport services for years, but monitoring, measuring and controlling them via different departments. What's new is the trend to amalgamate them into a single category of spend.

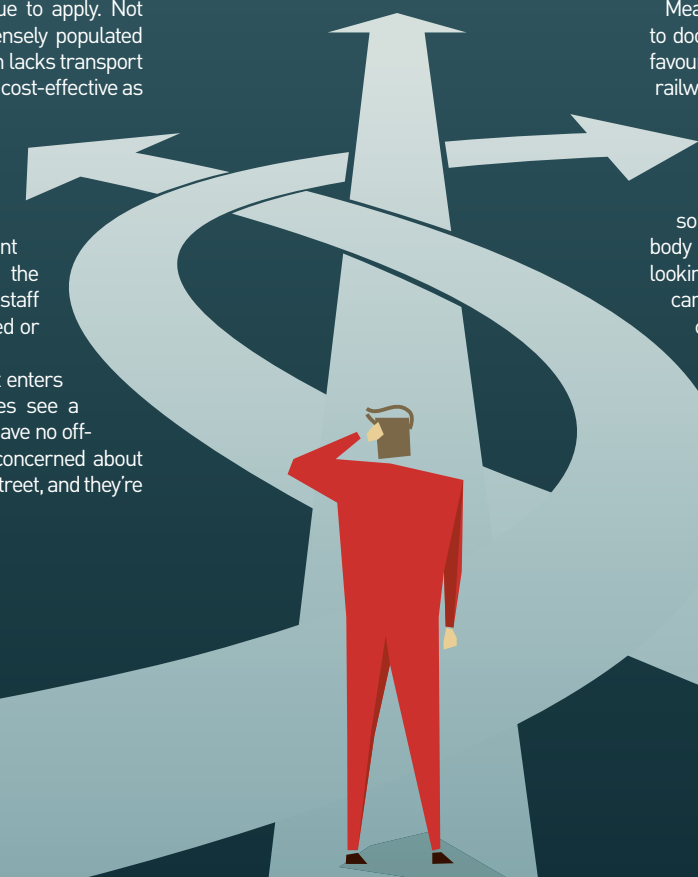
This represents a huge career opportunity for fleet managers prepared to expand their role to include corporate travel responsibilities.

John Pryor, chairman of ACFO and Arcadia Group fleet and travel manager, is very much of this new breed of mobility managers. Looking after the group's fleet, travel and expenses, he sees key fleet disciplines extending to other areas.

"The best way to choose a company car is on its total cost of ownership, and companies need to start looking at the total cost of a journey," he said.

Measuring different journey options from door to door may actually work in the company car's favour, once costs such as the journey to the railway station by cab or private car, parking, train ticket and onward journey to the final destination are factored into the equation.

"All companies will have someone somewhere, looking after their travel, somebody looking after expenses, and somebody looking after fleet. Some join up. At Arcadia, we can see how much we spent to the penny on car parking, how many private miles we did in a company car, how many miles we did with car hire. Pulling all that together, for me, is the genesis of mobility. Companies will want to say they are moving their employees in the most cost-effective way."





# Avis UK – responding to today's business mobility needs

Pace of change may be quick, but Avis UK has it covered

## Fleet panel

- David Oliver, Red Bull
- Debbie Floyd, Bauer Media
- Caroline Sandall, ACFO vice-chairman
- John Pryor, ACFO chairman, Arcadia group fleet & travel manager

While most agree seamless mobility across all forms of transport is the future, how does that impact the traditional company car? And what strategies are required across different areas? Avis UK has the answers.

**Q How do you see on-demand vehicle options and public transport coming together in the future? Will things only take off when the back-end administration and payment process is integrated?**

**A** Whether it is established businesses with short-term contracts, start-ups with limited cash flow, or employees in need of flexible transportation solutions, across the sector we are seeing a steep rise in the business need for on-demand vehicles – one that we can confidently predict is here to stay.

In today's world, fast-moving developments in technology are driving higher consumer expectations

for smoother, more accessible, more adaptable and overall frictionless experiences. More than ever, all travellers – for work or pleasure – want a quick and easy transition to go from point A to point B. In terms of how we link on-demand vehicles and public transport options as part of this solution, back-end process integration could make the customer journey from start to end-point as seamless as possible.

Avis Car Rental UK and the wider travel industry are taking steps to integrate booking processes to give customers a one-stop, seamless approach to managing their travel journey. This requires collaboration and buy-in from all players across the industry. For example, our Avis app allows customers to book their vehicle at the tap of their screen without delay and at their own convenience. We have also digitised our range of service offerings – including those offered through Avis UK and Zipcar – with optimised mobile technology.

**Q Company cars are currently seen as all-or-nothing options, whereas some businesses and employees are looking for medium-term solutions. Are there options that can fill this gap but still be compliant, cost-effective and simple to administer?**

**A** Whether it's for large companies or SMEs, managing a company fleet has its challenges: staff changes, damage, cost control and, of course, balancing short-term demand with long-term usage. Businesses in general have to be much more agile in how they work. We are increasingly seeing businesses seek more



**“We are increasingly seeing businesses seek more flexible solutions to the traditional company car”**

Louisa Bell, General Manager, Avis UK

flexible solutions and alternatives to the traditional commitment that company cars usually require.

At Avis UK, we offer a number of options for our customers that provide many of the same benefits of company cars, but without the long-term cost commitment.

For longer-term, more flexible rental options, our customers can choose Avis Flex – a system that allows our customers to access rental vehicles for periods of 28 days plus without having to be tied into lease deals. There is a wide range of vehicle options alongside simple and clear pricing structures. Should our Flex users need to return their car early, they can do so without the worry of a return penalty.

**Q Will true mobility only be appealing for companies when suppliers and service providers join forces on a single, multi-solution platform, or will the bigger players acquire and rebrand the niche solution providers?**



**Both would make it more compelling for organisations to actively promote it.**

**A** The customer travel experience – across different modes of transport and brands – could be improved by more integrated platforms. However, travellers and travel planners are resourceful and will continue to be so, provided the right solutions, whether integrated or not, are out there.

At Avis UK, we already provide streamlined mobility options thanks to some strong and well-established relationships with TMCs, as well as new and innovative technologies we have introduced to facilitate this. This includes, for example, the Avis Rental Tool (ART), which enables travel managers to book and manage rentals for their travellers at any time.

We also have our Avis app. Customers can book direct through the app for the cheapest price with a wide selection of vehicles to choose from. With Avis Preferred – our loyalty programme – members receive priority service straight away. This includes avoiding queues every time (with pre-prepared paperwork and your vehicle ready to go) and, in



some locations, you can simply locate your car, get in and drive away.

**Q Any company operating across the UK will have pockets or regions that are too rural for anything other than a company car, whereas some ultra-urban areas will have lots of mobility options. Does this mean you need a variety of strategies in place?**

**A** The important thing is for customers to choose the right mode or modes of transport for their unique journey.

We provide flexible options for all of our customers' needs, including fleet customers, to enable them to find the right solution or combination of solutions for each journey. For rural areas in particular, the last few miles of travel often require a car.

Cars provide travellers with the flexibility that other modes of transport simply do not – for example, for people travelling together, people transporting luggage or goods, or for co-ordinating changed plans. For fleet or travel managers, providing travel support doesn't always mean just providing an individual with a company car. Often, it makes sense to combine fleet cars and rental cars with public transport, taxis and car sharing options to provide workers with the variety of options they need to enable their journey in the best way possible.

Within Avis Budget Group, we have a range of options to suit business travel needs, including traditional car rental, Avis Flex and Zipcar. In certain European countries, we also offer Avis Chauffeur Drive – a driven service for executive business travel.

## About Avis

Avis Car Rental is one of the world's best-known rental brands with approximately 5,500 locations in approximately 170 countries. Avis has a long history of innovation in the car rental industry and wherever and whenever our corporate customers do business we make every aspect of the rental experience easy, productive and rewarding.

Avis is owned by Avis Budget Group, Inc. (NASDAQ: CAR), which operates and licenses the brand throughout the world. We offer a range of options through our three leading brands: Avis – the premium car rental experience in a personalised way; Budget – delivering a warm, easy experience for savvy, value-seeking renters; and Zipcar – the world's leading car sharing network.

Visit [avis.co.uk/business](https://avis.co.uk/business), call 0808 284 0284 or email [avisbusiness@avis.co.uk](mailto:avisbusiness@avis.co.uk)

**AVIS**





## THE NEW MINI CLUBMAN CITY. MADE FOR BUSINESS.

The stylish and versatile MINI Clubman is now available in a new offering that's tailor-made for fleets – the MINI Clubman City. It is full of innovative technology for business use, such as Satellite Navigation with Real-Time Traffic Information, and has been designed with safety and comfort in mind with cruise control, Intelligent Emergency Call and Rear Park Distance Control as standard.

Hands-free Bluetooth allows for easier communication with drivers, while MINI Connected Technology displays fuel consumption, arrival estimations and live journey updates on the go. What's more, Apple CarPlay® displays the iPhone interface on the 6.5" display and streams Spotify playlists – an alternative to the extensive DAB digital radio.

It's not just the purpose-built high specification that makes this car ideal for business use. Minimalism fuel-saving technology increases efficiency with an automatic stop/start function, Brake Energy Regeneration and Shift Point Display. The new MINI Clubman City also offers CO<sub>2</sub> emissions from 109g/km\*, with highly competitive running costs and benefit-in-kind tax rates.

To find out more visit [mini.co.uk/clubmancity](http://mini.co.uk/clubmancity)

### THE NEW MINI CLUBMAN CITY.



from  
109g/km\*



up to  
68.9mpg\*  
(combined)



from  
26%

## MINI Fleet & Business Sales



Official fuel economy figures for the new MINI Clubman City range: Urban 39.2–61.4mpg (7.2–4.6 l/100km). Extra Urban 55.4–72.4mpg (5.1–3.9 l/100km). Combined 48.7–68.9mpg (5.8–4.1 l/100km). CO<sub>2</sub> Emissions 131–109g/km.\*Figures are obtained in a standardised test cycle. They are intended for comparisons between vehicles and may not be representative of what a user achieves under usual driving conditions.

WLTP AND RDE

# NEW TESTS TO GIVE MORE REALISTIC DATA

WLTP and RDE to see real-world  
information on emissions  
and fuel consumption

### HOW RDE WORKS

Under RDE, a car is driven on public roads and over a wide range of conditions with portable emission measuring systems (PEMS) collecting the data. The results will verify legislative caps for pollutants such as NOx are not exceeded.

Driving conditions include:

- Low and high altitudes
- Year-round temperatures
- Additional vehicle payload
- Up- and downhill driving
- Urban roads (low speed)
- Rural roads (medium speed)
- Motorways (high speed)

### HOW WLTP WORKS

The WLTP driving cycle is divided into four parts with average speeds: low, medium, high and extra high.

Each contains a variety of driving phases, stops, acceleration and braking phases. Each powertrain configuration is tested for the car's most and least economical versions.

Testing conditions include:

- Realistic driving behaviour
- Longer test distances
- Higher average and maximum speeds
- More representative accelerations and decelerations
- Optional equipment: CO<sub>2</sub> values and fuel consumption are provided for individual vehicles as built
- Stricter car set-up
- Best and worst-case values on consumer information

up the main combined test result, as these will become more relevant for different types of engine and driving requirements.

NEDC consisted of urban (speeds up to 31mph) and extra urban (speeds up to 75mph) which produced the combined figure. WLTP has low, medium, high and extra high, as well as combined.

Added complication comes from having a minimum and maximum value for each model, which makes it difficult to establish true like-for-like comparisons when manufacturers have a wide range of derivatives.

Consequently, WLTP could result in simplified model ranges, with fewer options and more bundled packs. This is because the programme requires testing of all model, engine, trim and wheel sizes, which adds time and cost.

FCA has already started to reduce its trim levels, introducing more individual packs which bundle together equipment.

"We have removed some engines because the volumes were low and reduced options where there was little take-up," Lovegrove said. "We are looking for further rationalisation while still offering personalisation around style, technology and safety. We have worked hard to ensure each derivative remains within the same BIK tax band, even if the CO<sub>2</sub> level has increased. We have been successful in the majority of instances and we are looking to continue to improve on that and to reduce potential complexity further."

FCA's stand-out results have been for the Alfa Romeo Giulia and Stelvio ranges, assisted by their lightweight chassis and all-new engines. Also, new generation MultiAir III small petrol engines in the Fiat 500X and Jeep Renegade for example.

"The new engines under the new test are better than the diesels they replaced under the old test. They are petrol that behave like diesel when it comes to power delivery and consumption," said Lovegrove.

The new testing regime isn't just about WLTP. Running alongside is the Real Driving Emissions test (RDE), which measures other emissions while the car is driven on the road. RDE ensures cars continue to deliver low emissions and will be introduced in two steps:

- Step 1 applies to new type approvals from September 1 2017 and to all new registrations from September 1 2019.
- Step 2 applies to new type approvals from January 1 2020 and to all new registrations from January 1 2021.

Lovegrove added a note of warning: "Even with RDE, the new test won't replicate what the customer will do. It's just a more accurate way to compare one vehicle to another."

Full WLTP results will be used for taxation purposes in 2020. Lovegrove says fleets and company car drivers should expect the same impact on emissions as going from NEDC to correlated NEDC, indicating another 10-15% rise. But by then, new engines will have been launched, offsetting potential rises. In addition, BIK tax bands are likely to have been amended to take WLTP into consideration.

The European Union, when introducing the new test regime, recommended WLTP should not negatively impact the driver by increasing costs of vehicle taxation, because the vehicle's actual performance is unaffected. The UK Government is expected to confirm BIK and VED bands in the October Budget.

"We expect them to clear up any ambiguity," said Lovegrove. "There is still a place for the company car and as technology improves with legislation, there is no reason why a driver will pay more tax. Fleet is an important part of the market. It's about clarity so fleets can understand the whole life cost and drivers can understand their tax position."



# Will WLTP help to clear the air on emissions?

Fundamentally, many of the cars are unchanged but new real-world tests will reveal different CO<sub>2</sub> figures

## Fleet panel

- Stewart Lightbody, Anglian Water
- Dale Eynon, Defra
- John Pryor, ACFO and Arcadia
- Caroline Sandall, ACFO

What will be the impact of the Worldwide harmonised Light vehicles Test Procedure (WLTP) on fleets and, in particular, their policies regarding CO<sub>2</sub> emissions and choice lists?

Our fleet panel members (above) have identified some of the main considerations and *Fleet News* asked the experts at leading manufacturer BMW Group to respond to some of the points they raised.

## About BMW Group Fleet & Business Sales

Positioned at the forefront of sustainable motoring, BMW Group is renowned globally for coupling pure driving pleasure with its efforts in reducing emissions.

Delivering a new understanding of premium defined by sustainability, BMW i includes visionary electric vehicles such as the innovative BMW i3, revolutionary BMW i8 and the new BMW i8 Roadster. BMW Group is also proud to offer a range of plug-in electrified vehicles with BMW iPerformance.

The BMW Group has published

revised fuel economy and emissions data for its entire range of vehicles in accordance with the new test procedure (WLTP). This means the full range of BMW and MINI vehicles sold in the UK was fully compliant with the new test regime well ahead of the September deadline.

Despite the more stringent WLTP test requirements, the BMW range has increased on average by just 8g/km. The electric and plug-in hybrid range performed particularly well with the top-selling BMW 530e Saloon increasing by just 3g/km to 49 g/km.

**Q** Why have some manufacturers already published their emissions under WLTP while others are holding out until the deadline?

**A** BMW Group, in line with Government guidelines, currently publishes NEDC figures which are calculated back from a WLTP test of an original vehicle. In terms of deadlines BMW Group has now tested under WLTP procedure all vehicles it will have on the market by the end of the year.

We were the first manufacturer to do this and did so some time ahead of the deadline too.

It makes no sense at present to show WLTP figures alone as it would lead to confusion for car buyers. A WLTP figure cannot be shown in an ad so different communications would be running with different figures dependent on the media. Better to have one new tested figure and stick with that for the time being until a date is set for just WLTP.

**Q** What marketing will be in place to help deliver the news on increased CO<sub>2</sub> which seem to be the outcome for most manufacturers?



**A** BMW Group already has a website which explains all of the differing test procedures, what they involve and what that means for the consumer.

See [bmw.co.uk/wltp](http://bmw.co.uk/wltp)

Outside of this, once WLTP comes into full effect all marketing material will be amended to reflect it.

In terms of the perception of any possible increase in CO<sub>2</sub> this is purely down to the different way the vehicles are now being tested and will be explained as such.

Different test procedures always produce different results.

**Q** How is the industry going to handle this increase in a climate where there are clean air concerns?

**A** BMW Group is at the forefront of providing ever cleaner mobility. From the first electric vehicle shown in 1972 through to the launch of EfficientDynamics in 2007 (that saw a large drop in CO<sub>2</sub> figures for conventionally powered vehicles) and then the launch of the ultra-low emission BMW i vehicles starting in 2013, BMW Group has always led the way. Moreover, this policy is also the case

when it comes to car production facilities as this clearly demonstrates our resolve in response to any concerns people may have.

**Q** How quickly do you see the industry moving to publishing real-world emissions and what are the barriers?

**A** This is a topic that is ongoing and we will update you in due course.

**Q** What delays in vehicle supply do you anticipate from September as a result of WLTP?

**A** There are no expected vehicle delays as a result of WLTP as our existing range is now compliant.

Some older model variants were discontinued a month or two earlier than planned due to WLTP because it did not make sense to go to the expense and time to re-test them if they were about to be discontinued.

These variants have since been

**“It makes no sense at present to show WLTP figures alone as it would lead to confusion for car buyers”**

replaced or about to be replaced as part of normal model lifecycles.

**Q** Will WLTP now mean drivers will have less to complain about in regards to mpg, achieved v advertised?

**A** That remains to be seen. Different testing procedures produce different results and no testing procedure will ever replicate the exact driving style, type of journey or ownership standard for each and every vehicle owner at the same time.

**Q** How do I advise my company to set a realistic CO<sub>2</sub> if there is a difference with WLTP?

**A** We can only advise you what our vehicles will achieve based on the legislative guidelines we have tested to.

**Q** Further to the above, what is BMW Group's long-term strategy and/or how has this changed as a result of WLTP?

**A** Overall WLTP has not changed any of our strategy save for ending the life of some older vehicles a month or two earlier.

We will continue to develop new vehicles with a view to always improving on emissions, fuel consumption and general overall performance.

For more information, visit [bmw.co.uk/business](http://bmw.co.uk/business)







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**When you need to improve the fuel efficiency of your fleet, you need Verizon Connect. Our platform lets you see critical vehicle data and make adjustments in real time to reduce costly idling times, improve driver behavior and save fuel.**

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## PUTTING THE BUSINESS CASE FOR TELEMATICS

Understanding your own needs is the first step to making technology work

Used correctly, telematics technology can have a transformational effect on many fleets. The potential impact of its data is far-reaching: businesses that use it often report significant savings in areas such as fuel and insurance, while others talk about the positive reduction in driver risk and increased productivity.

But some company directors are reluctant to introduce the technology, sometimes through a fear of drivers rebelling against a 'big brother spy in the cabs', sometimes over concerns about how unions will react, and sometimes through a suspicion that finding the money will fail to deliver a sufficient return on investment.

While benefits such as fuel savings may be an easy sell as it can be simple to demonstrate how it will impact the company's bottom line, others, such as the potential improvement in duty of care to drivers, are harder to put a figure on.

So how can a fleet manager best make a compelling case to win the necessary investment? The starting point should be to understand fully why they want the technology.

Telematics can deliver various benefits, but it's usually two or three that bring most value. Fleets have to know what they want to achieve but then be flexible enough to adapt those priorities should the technology uncover bigger issues elsewhere.

Among the top reasons for introducing telematics, according to research from the RAC, are lower fuel costs, fewer collisions and a reduction in maintenance costs.

"Fuel is an obvious area to focus on," says Stewart Lightbody, head of fleet services at Anglian Water. "Our original business case was based around making a 10% saving on fuel; we also knew it was going to have an effect on health and safety, but that was difficult to quantify. The fuel savings grabbed the attention and since then we've been able to demonstrate significantly more benefits than that."

Other fleets have introduced telematics on health and safety grounds, as well as fuel savings.

They recognise their duty of care to drivers, but that won't show the tangible savings in the same way as a reduction in fuel does.

Driver coaching and encouragement can often deliver an improvement in performance, but this may only be short-lived before drivers revert to their old habits. Telematics ensures driver performance continues to be monitored, enabling the fleet to step in with intervention measures when necessary.

Fleet managers need to have a clear understanding of their own objectives to establish the return on investment. This should be done before building the business case.

Indicators might include reducing fuel usage, increasing business capacity and improving business efficiency.

While putting together a business case for telematics, it is critical to engage and consult other departments in the business as some of the data may help their daily activities as well.

For example, telematics can be highly beneficial to the financial department in terms of providing feedback and reporting on mileage or producing invoices and quotes for customers.

HR and mechanics would also benefit from the vehicle analytics and performance reports, showing how much time drivers are spending behind the wheel and monitoring both the health of the driver and the vehicle.

Telematics suppliers are usually keen to share case studies of customer success stories to strengthen a business case, as many may feature organisations similar to those the fleet manager works for.

But while these examples can help form a persuasive argument which the board cannot ignore, the hard work doesn't end with winning the investment – it's only starting. To make the investment worthwhile and to maximise returns, fleets have to act on the information created by the telematics. The data by itself will deliver nothing; it's the action you take that delivers the results.



# Telematics will help, but don't get bogged down

Manage by exception and concentrate only on areas that make most impact

## Fleet panel

- Stewart Lightbody, Anglian Water
- Dale Eynon, Defra
- John Pryor, ACFO and Arcadia
- Caroline Sandall, ACFO

**T**he ability to make effective use of data is a must-have requirement for running a successful fleet. What are the key considerations when choosing a provider? Our fleet panel came up with some pertinent questions which we put to Verizon Connect.

**Q** How can providers help customers interpret vast quantities of data to enable credible and effective decision-making to be made?

**A** Start with the end in mind. Have clear goals and concentrate on those areas of performance that will effect the most positive change in the business. Align your management reports with your defined business goals so you can be clear where your improvements are made and where there is still work to be done and don't forget to measure your results.

## About Verizon Connect

Verizon Connect is guiding a connected world on the go by automating, optimising and revolutionising the way people, vehicles and things move through the world. We ensure that the things our customers care about most – from people and vehicles to equipment and data – run smoothly and flow seamlessly.

Verizon Connect is uniquely positioned to put the possibilities of the future to work for you – to guide a connected world on the go.

**Q** Many may still be 'scared' of the amount of data and what has to be done with it, how can telematics be used in a simple, manageable manner and in a way that clearly demonstrates business benefits, especially return on investment (ROI)?

**A** Don't get bogged down with the details of all the information to hand. Only manage by exception and concentrate only on those areas that make the most impact e.g. attaining a minimum standard of driver performance. Measure the before and after scenarios so you can define your ROI.

**Q** How can the industry work together to enable legacy and new systems to collaborate so customers can have one view from multiple vendors?

**A** It's a good idea to choose your telematics provider based on the individual needs of your fleet both now and into the future. It is definitely worth checking out the number of OEM relationships that a telematics provider has, as new vehicles entering the market will come with built-in hardware. If your telematics provider isn't licensed to access that information then you will struggle to add-in aftermarket hardware as manufacturers restrict access to on-board diagnostics (OBD) ports. Also, choose a provider with a good track record for platform development and customer engagement – many developments in the industry stem from a real customer need.



**"Have clear goals and concentrate on those areas of performance that will effect the most positive change in the business"**

Derek Bryan, VP of EMEA, Verizon Connect

**Q** What (true) innovation is coming down the line which will make us think – 'I need this in my life'?

**A** Mobile Resource Management (MRM) is the natural progression of telematics as it combines all the facets of a field-based workforce's day-to-day activities.

It includes not only the vehicles driven, but the drivers and the work they do on a single platform, so all the jobs and resources can be scheduled automatically, while still being able to factor in any new or last minute additions.

MRM also allows for application programming interface (API) integration into back office systems like human resources or payroll, so accurate



recording and pay-out of overtime can be seamlessly incorporated into the business.

**Q** With the increase in data from connected cars, why should I invest in a separate telematics box?

**A** Telematics hardware is a means to an end but the benefits of using telematics are already well proven. Aftermarket hardware is often the best option currently available.

**Q** Telematics gives so much data on driver performance. If you miss something where is the liability as you would have "known"?

**A** Drivers are ultimately responsible for their own actions, but as an employer you have to ensure that you create an environment where risk is monitored and reduced to acceptable levels. Don't ignore poor driving habits and ensure that they are not tolerated. Any infringements or bad driving habits should be called out and addressed by modifying behaviour or attending training.

**Q** Take up of telematics remains low considering the advantages it can deliver (especially for cars) – why is this?

**A** The UK is one of the most developed markets, with about a third of it

already engaged, but there is still room for growth, as companies begin to understand and exploit the benefits digital transformation brings to running a mobile workforce. While adoption in cars is lower, the introduction of telematics as standard fit on new models (especially cars) will help drive greater adoption. After all, companies have no less duty of care to ensure car drivers, such as sales reps or engineers are complying with company guidelines as much as drivers of CVs. Forward-thinking organisations will come to recognise this fact as they become more enlightened or, tragically, because of adverse circumstance.

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