



# SAVINGS GUIDE VEHICLE TELEMATICS

HOW MUCH MONEY CAN YOU SAVE ON  
VEHICLE COSTS WITH TELEMATICS?

Calculate it yourself for your service and maintenance company



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# COST SAVINGS WITH VEHICLE TELEMATICS

No one needs to tell you that the fleet is one of the biggest cost items of your service organisation. Not only do fuel prices remain high, but depreciation, maintenance and insurance also cost a lot of money every year. Since there are more and more cars on the roads in the Netherlands, there's also an increased risk of damage.

## VARIABLE COSTS

Fleet costs can be divided into fixed and variable costs. Fixed costs are a result of the investment in vehicles, such as depreciation and interest. This isn't something you can avoid; vehicles are a must if you provide service and maintenance to your customers. But it's a different story when it comes to variable costs, such as fuel, maintenance, damage and insurance. These variable costs put great pressure on the yield of your service organisation and hence of the entire company. These costs can be tackled.

## SHORT PAYBACK PERIOD

The use of a telematics system in your vehicles can help you with this. Of course, on-board telematics also costs money, but the investment soon pays off. Experience shows that the standard payback period ranges from a few months to approximately 18 months. Another advantage is that you can raise the level of service towards your customers right away. In this document we'll use a savings calculator\* to show you how you can lower your direct fleet costs, improving your company's competitiveness.

## THE SAVINGS CALCULATOR

The savings calculator was developed by **Webfleet Solutions** in cooperation with **DEKRA Akademie GmbH**, a leading German knowledge institute specialising in transport and traffic.

This online tool provides an estimate of the costs that you can save with vehicle telematics. You only need to enter a few details: the number of vehicles in your fleet, the average number of miles that they travel per year and the fuel they use.

The costs and savings are calculated on the basis of reliable information gained in practice and the substantial number of existing customers of **Webfleet Solutions**. The calculation formulas in the savings calculator have been checked and verified by **DEKRA Akademie GmbH**.

Would you like to go straight to the savings calculator? Go to **[webfleet.com/savings-calculator](https://webfleet.com/savings-calculator)**

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# FACTORS THAT AFFECT FLEET COSTS

The biggest cost item of your fleet is fuel consumption, followed by maintenance and insurance premiums. Three factors have a major influence on these three cost items:

- The number of miles driven per vehicle
- The average consumption and vehicle load
- The driving behaviour of the technician

You can improve two of these three factors yourself: the number of miles travelled and the driving behaviour. How can you decrease the costs of your fleet by influencing these factors?

## LESS FUEL DUE TO FEWER MILES

The number of miles per vehicle is a primary factor in the extent of fuel costs. Anyone able to schedule their service technicians smartly and efficiently can significantly reduce the number of miles per vehicle. Every mile less immediately saves money. What's more, every minute that a service technician isn't driving can be spent doing his actual work, service and maintenance.

## LOWER CONSUMPTION THROUGH BETTER DRIVING BEHAVIOUR

The driving behaviour of the technicians also affects the level of fuel costs. People who are constantly accelerating and decelerating, speeding and going around corners too fast waste more fuel than their colleagues who drive in a calm and controlled manner. Research shows that aggressive driving barely saves any time, particularly on the congested road network in the London. Driving faster to rush to a breakdown is therefore rather pointless.

## LESS MAINTENANCE DUE TO LESS WEAR AND TEAR

The number of miles and the driving behaviour also have an effect on the wear and tear of the vehicle. That certainly applies to the vehicles of service technicians, which are often already heavily loaded with tools and spare parts. Tyres, brake discs and other parts wear out faster if drivers travel more miles, accelerate faster, brake sharper and don't change gears quickly enough. In other words, the maintenance costs go up. And every time maintenance is required, the vehicle is also out of action.

## LESS DAMAGE AND A LOWER INSURANCE PREMIUM

If the technician's driving behaviour and the condition of the vehicle leave a lot to be desired, then there's also a greater chance of an accident. Not only does this result in repair costs, but also in downtime. A technician dealing with the aftermath of an accident with another road user can't tend to a machine fault at the same time. In addition, insurance companies are sensitive to damage and accidents. It's for good reason that we've seen the rise of a new generation of insurers over the last few years that links the level of the insurance premium to driving behaviour.

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# HOW TO SAVE ON VEHICLE COSTS

With vehicle telematics it's not just fuel costs that can be significantly reduced, but also the costs of maintenance and insurance. The calculation examples in the next chapter show you how much you can save on a structural basis. The question is where exactly these savings come from. How does a telematics system result in lower costs?



## TARGETING DRIVING BEHAVIOUR

First of all, vehicle telematics helps you to improve the driving behaviour of your technicians. A modern telematics system provides you with all the information needed to further improve driving behaviour. This not only saves money but it also contributes to the safety of your employees on the road. You'll see the times when technicians unnecessarily accelerate, brake, or simply speed. The system calculates fuel consumption based on the data gathered by the telematics system for each vehicle and driver. You can follow the progress of fuel consumption over weeks, months or years and also compare how the technicians perform in that respect.



## IMMEDIATE FEEDBACK

The driver terminal supplied with the telematics system provides the technician with immediate insight into his own driving behaviour. He gets immediate feedback after each manoeuvre and can adjust his behaviour during the very same journey. In this way, economical driving becomes an interactive 'game': who's improving his own performance and who's the most economical driver of all?



## NO TRAFFIC JAMS, NO DETOURS

The navigation function of the driver terminal will always send your technicians to their destination via the most efficient route. Since the system takes into account the current traffic situation, they can avoid traffic jams and roadblocks without giving it a

further thought. They no longer have to search for the correct entrance to the industrial or residential estate when they're almost at their destination.



## MORE EFFICIENT PLANNING

Vehicle telematics also helps you and your planners to reduce the number of miles travelled. Since you and your planners have an overview at any time of the current location of all service technicians, you can schedule rush jobs more efficiently. You'll notice on a daily basis that the technicians need less time for their paperwork. The number of jobs per technician per day will increase.



## REDUCED MAINTENANCE COSTS

As already said, better driving behaviour helps to reduce maintenance costs. Car parts wear less quickly if people drive their cars more smoothly. Less wear and tear also means less maintenance and less downtime for the vehicle.



## MORE EFFICIENT MAINTENANCE PLANNING

With vehicle telematics, you'll never again schedule an unnecessary or overdue service. You'll receive automatic alerts when a vehicle is due a service - for example based on the number of miles travelled. It also leads to lower maintenance costs.



## LOWER INSURANCE PREMIUMS

By investing in vehicle telematics, you show your insurance company that you're investing in improving driving behaviour. Using the data that the system collects and analyses, you can even demonstrate black on white to what extent driving behaviour is improving. Many insurance companies are receptive to this, leading to lower insurance premiums.

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# PRACTICAL CALCULATION EXAMPLES

What can you expect to save by investing in vehicle telematics? The savings calculator was applied to make calculations for three realistic, practical situations. The main conclusion: vehicle telematics is not only attractive for large and medium-sized service organisations, but also produces considerable savings even for a small fleet. The fact that a vehicle telematics system saves costs does not automatically make an investment worthwhile. Naturally, you'll also incur costs for the hardware and software that you use. How are the investment costs broken down?

## HARDWARE AND INSTALLATION COSTS

Each vehicle must be fitted with an on-board computer. Accessories can be connected to it, such as a driver terminal. The driver terminal is the device in the vehicle that provides your technician with navigation and feedback on his driving behaviour. The savings calculator assumes that the hardware is amortised over three years. It's also possible to lease the hardware, instead of buying it.

## SOFTWARE COSTS

The other cost item is the software subscription. It enables you and your planners in the office to know the locations of the vehicles in real time and to follow them closely in a secured online environment. This online cloud system offers you an insight into the efficiency of your vehicle fleet and the driving behaviour of your employees on the road. This system also provides the diagnostic tools that give you the fuel consumption and CO<sub>2</sub> emissions based on the collected data. Different types of subscription are possible, depending on the situation and the desired functionality.

## VERY SHORT PAYBACK PERIOD

You can calculate the payback period by comparing the annual savings with the annual costs. For virtually any service organisation it appears that an investment in vehicle telematics usually starts to pay for itself quite quickly. In the three calculation examples, the payback period is even shorter than 18 months.

### Example 1:

#### SERVICE AND MAINTENANCE COMPANY WITH 15 VANS

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Number of vans:</b>                | <b>15</b>              |
| Number of miles per vehicle per year: | 30,000                 |
| Fuel:                                 | diesel                 |
| Fuel consumption:                     | 11 litres per 62 miles |
| Maintenance costs per vehicle:        | £750                   |
| Insurance costs per vehicle:          | £2000                  |

#### Annual savings:

|                                |                |
|--------------------------------|----------------|
| Fuel costs (up to 15%):        | £8910          |
| Maintenance costs (up to 18%): | £2025          |
| Insurance premium (up to 5%)   | £1500          |
| <b>Total annual savings:</b>   | <b>£12,435</b> |
| Annual savings per vehicle:    | £829           |

#### Payback period:

|                       |         |
|-----------------------|---------|
| Total annual savings: | £12,435 |
| Total annual costs:   | £6986   |
| Total net savings:    | £5449   |

**Payback period: 13 months**

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### Example 2:

#### SERVICE AND MAINTENANCE COMPANY WITH 80 VANS

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Number of vans:</b>                | <b>80</b>              |
| Number of miles per vehicle per year: | 25,000                 |
| Fuel:                                 | diesel                 |
| Fuel consumption:                     | 11 litres per 62 miles |
| Maintenance costs per vehicle:        | £750                   |
| Insurance costs per vehicle:          | £2000                  |

#### Annual savings:

|                                |         |
|--------------------------------|---------|
| Fuel costs (up to 15%):        | £39,600 |
| Maintenance costs (up to 18%): | £10,800 |
| Insurance premium (up to 5%)   | £8000   |
| Total annual savings:          | £58,400 |
| Annual savings per vehicle:    | £730    |

#### Payback period:

|                                   |         |
|-----------------------------------|---------|
| Total annual savings:             | £58,400 |
| Total annual costs <sup>1</sup> : | £37,259 |
| Total net savings:                | £21,141 |

**Payback period: 16 months**

### Example 3:

#### SERVICE AND MAINTENANCE COMPANY WITH MIXED FLEET

|                                       |                        |
|---------------------------------------|------------------------|
| <b>Number of vans:</b>                | <b>40</b>              |
| Number of miles per vehicle per year: | 35,000                 |
| Fuel:                                 | diesel                 |
| Fuel consumption:                     | 10 litres per 62 miles |
| Maintenance costs per van:            | £750                   |
| Insurance costs per van:              | £2500                  |

#### Number of passenger cars:

|                                       |                       |
|---------------------------------------|-----------------------|
| <b>20</b>                             |                       |
| Number of miles per vehicle per year: | 40,000                |
| Fuel:                                 | diesel                |
| Fuel consumption:                     | 7 litres per 62 miles |
| Maintenance costs per vehicle:        | £500                  |
| Insurance costs per vehicle:          | £1200                 |

#### Annual savings:

|                                |         |
|--------------------------------|---------|
| Fuel costs (up to 15%):        | £35,280 |
| Maintenance costs (up to 18%): | £7200   |
| Insurance premium (up to 5%)   | £6200   |
| Total annual savings:          | £48,680 |
| Annual savings per vehicle:    | £811    |

#### Payback period:

|                                   |         |
|-----------------------------------|---------|
| Total annual savings:             | £48,680 |
| Total annual costs <sup>1</sup> : | £27,944 |
| Total net savings:                | £20,736 |

**Payback period: 14 months**

<sup>1</sup> The costs are based on the first three years after the purchase of vehicle telematics. After three years, the hardware will be fully written off and the net savings will be even higher. The hardware can also be leased. In all cases, the one-time set-up costs are not included in this overview.



# THE SAVINGS CALCULATOR

## VEHICLE TELEMATICS PAYS OFF

If the examples in this document make one thing clear, it's that an investment in vehicle telematics pays off quickly. The payback period is often less than 18 months. And this is only looking at the costs that are directly related to the fleet. Other indirect benefits haven't even been taken into account.

Examples of indirect benefits are increased productivity and effectiveness of your technicians. Thanks to more efficient planning, they can do more jobs per week, while wasting less time on recording times and distances by using the driver terminal. This ultimately leads to a better service for your customers.

## SUSTAINABILITY

In addition, vehicle telematics also has other advantages than a higher return. A telematics system contributes to the sustainability of the organisation. After all, lower fuel consumption leads to a reduction in carbon emissions. More efficient planning, fewer repairs and lower maintenance costs also help create more sustainability.

## CALCULATE YOUR OWN PAYBACK PERIOD

Curious? Go directly to [www.webfleet.com/savings-calculator](http://www.webfleet.com/savings-calculator) and try out the savings calculator yourself. After filling out the number of vehicles in your fleet, the average number of miles travelled and the type of fuel they consume, you'll see a solid overview of the savings and the payback period applicable to you. Check it out for yourself and your colleagues!

### DISCLAIMER

*All the results obtained from the savings calculator are intended for comparison purposes. Webfleet Solutions and DEKRA Akademie GmbH cannot guarantee or vouch for the accuracy of the information supplied by the calculator and explicitly waive giving any direct, indirect or statutory guarantees, including but not limited to the implicit guarantees of saleability and suitability for purpose. Webfleet Solutions and DEKRA Akademie GmbH are not responsible nor liable in relation to any person or entity, with respect to any loss, errors, results or inconvenience, or any direct, indirect, special or consequential loss, regardless of how the loss is incurred, when that person or entity relies on any information obtained from this online tool.*