

# Connected Fleets USA: The Future of Fleets

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## ELD MANDATE AS A GAME-CHANGER FOR FLEETS

By Eric Volkman

Not for the first time, the fleet management industry is about to undergo a massive shift. The US government's Electronic Logging Devices (ELD) mandate – finally locked into law at the end of 2015, following many years of development – will become binding on 18 December 2017. The mandate is fairly straightforward. The core provision is that lorry drivers will be required to use ELDs – digital devices connected to the vehicle that record basic information about the journey, such as driving time, engine hours, and locations travelled. The mandating authority is the Federal Motor Carrier Safety Administration (FMCSA), a wing of the federal government's Department of Transportation (DoT). The DoT says of the mandate that “this automated technology not only brings logging records into the modern age, it also allows roadside safety inspectors to unmask violations of federal law that put lives at risk”.

### Delivering a load of profit

It also presents a massive business opportunity for technology service providers that specialize in ELDs. Although the trucking sector as a whole has been well aware that this shift was coming, not everyone has prepared for it adequately. Technological change can be difficult and/or expensive, so there are plenty of fleets and individuals that haven't yet made the shift to ELDs. Clem Driscoll, of namesake transport consultancy C.J. Driscoll & Associates, believes the ranks of the un-digitized are legion. “Our data indicates that at least 50%-60% of trucks that are required to comply with driver Hours of Service requirements do not currently have a compliant ELD solution,” he said.

Research consultancy Gartner thinks the number is smaller, specifically “the smallest two-thirds of the fleet operator market that still relies on manual and inefficient practices”.

Regardless of whether it's 33%, 50%, or 60%, the ELD-less market is *huge*. One firm eager to attack it is veteran fleet management software and solutions provider Omnitracs. The company has a dizzying number of products that, in the words of their vice-president of regulatory affairs Tom Cuthbertson “cover the spectrum from mobile devices with no upfront costs other than a driver- or carrier-acquired smart phone or tablet (which many already own), to proprietary mounted devices available via nominal upfront purchase”.

The company is making a big effort to be a major supplier for the ELD future. Says Cuthbertson: “Omnitracs will be enhancing the majority of the products from its existing product line for

compliance with the ELD mandate regulation requirements released so clients can leverage all the vehicle and driver performance solutions that accompany them.”

One of the company’s rivals, Zonar, clearly likes the strategy of providing a load of functionality in a single, convenient device. That firm’s vice-president of compliance Fred Fakkema points to its 2020 mobile communications tablet, claiming that it’s “the most versatile mobile telematics device in the transportation industry”. Among numerous other features, according to Fakkema, the 2020 boasts “the patented Electronic Verified Inspection Report (EVIR®) which replaces traditional, error-prone paper-based inspections with an automated process that instantly provides inspection results for improved compliance and maintenance efficiency... Drivers scan RFID tags at each zone, mark the condition of components, and send photos of any defects”. Of course, any new market opportunity presents an almost irresistible opportunity for ambitious new providers. The ELD space was a juicy target for the publicly-traded Stoneridge, a company that concentrates on specialty vehicle components. This past June, the firm said in a press release that it “enters the ELD market with a full system offering that is simple for operators to install, easy for drivers to use and an excellent value proposition”.

Naturally, as the technology improves and as points in the mandate are clarified, enhancements will be made to existing logging products. One category ripe for upgrading is automatic on-board recording devices, electronic solutions that effectively act as a bridge between pencil-and-paper logging, and the digital sophistication of ELDs. Automatic on board recording devices (AOBRD) replace much of the traditional driver paperwork, the crucial difference is that unlike ELDs, they are not hardwired to the lorry’s engine. As such, they do not comply with the mandate but the FMCSA gives current AOBRD owners a break – they have two extra years to upgrade to, or replace them with, ELDs.

Gazing deeper into the crystal ball, once ELD solutions become more commonplace, we’ll start to see add-ons to current platforms offered at an ever-increasing pace. The scope of these potential ‘extras’ is tantalizingly wide; Zonar’s Fakkema speaks of offerings that “range from maintenance to track and trace software as well as software to manage business efficiencies to fuel efficiencies; to ridership visibility solutions and other ridership solutions”. Newcomer Stoneridge is similarly thinking several miles ahead in the road. The company said it “plans to offer a cloud-based data storage and analysis system giving fleet managers real-time access to driver and vehicle data, combined with reporting functionality”.

### **Inevitable and (in theory) inexpensive**

The mandate will, obviously, have quite an impact on all parties involved in fleet management. On the plus side, the operations of a lorry will become much more transparent, with nearly every pertinent chunk of information painstakingly recorded. These will be instantaneously available for review or inspection by drivers, their managers and the authorities charged with keeping the roads safe.

Included in the mandate is a cap on the time a driver can spend on the road, in addition to a limit on actual driving time, data which ELD devices will keep careful track of. According to Paul Menig, CEO at consultancy Tech-I-M: “The leading trade journals have all been talking about how this will reduce the number of hours available, exacerbating the driver shortage.” But he views this as a positive. “The advent of having a computer in all these vehicles for hours of service will allow more and more fleet management items to be available,” he said. “This will not be a dire change for the industry and it will not be a tweak. It will enable many new things.” Some in the industry, particularly owner-operators and small trucking enterprises, fear that compliance will be expensive. That’s the major reason why the FMCSA has bestowed that two-year grace period until the mandate becomes binding.

Although additional costs are unavoidable, Driscoll believes that a big chunk of the spending on ELD products will come from the larger enterprises seeking higher-level functionality, not the “little guys”. According to him: “There are some new suppliers who are focused on supplying basic ELD solutions at a low cost. But most suppliers will offer additional features at a higher price. Most suppliers will try to ‘land the customer’ and upsell them. They won’t succeed with small owner-operators but they may succeed with small-medium size fleets” that will benefit from these add-ons.

Overall, the general thinking seems to be that every link on the transport chain – driver, fleet, and client – will benefit from the increased transparency and greater safety promised by the mandate. Says Cuthbertson: “I have been involved with this regulation since 2005 and the feedback I get from drivers over the last two years has been more positive than negative. ‘I can plan better; dispatch knows the loads I cannot take; I am getting drive time back; the device records to the minute, not the 15 minute increment; I won’t drive without one’. These statements would not [have been] so prevalent four years ago, plus the [return on investment] is a slam dunk since the costs to adopt are lower than ever.”