

# Telematics Return On Investment Is Your ROI As Expected?

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TelematicsConsultancyServices



Ideas



Strategy



Implementation



Operations



Review

# TABLE OF CONTENTS

1	.....Introduction	pg.3
2	.....Summary of Survey Results	pg.4
3	.....Survey Answers	pg.6
4	.....Conclusion	pg.9

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# INTRODUCTION

Most telematics solutions are justified on the basis of improved operational efficiency or financial cost savings, the Return on Investment (ROI), but in many cases the ROI does not materialise or over time it reduces from initial expectations. In our discussions several fleet managers have said that the actual ROI was less than expected and we wanted to gain more views of other fleet manager's experience.

In September 2016 Telematics Consultancy Services ran a small snapshot survey for visitors to our website and also included a link to the survey in our regular newsletters. Our aim was to understand what is real and what the telematics ROI fantasy is. All responses were anonymous.

In November 2017 we felt it would be useful to update the survey to see if the responses had changed over the past year and also to cover areas such as driver behaviour and driver education and a very current topic on the use of mobile phones as a driver distraction in vehicles.

Thank you to those who completed the short survey.

# Summary of Survey Results

195 ( 224 responded in 2016 ) respondents provided answers to seven questions based around their views on return on investment. The initial questions concerning how long they had been a user of telematics was to set the base line to understand that if a ROI was being received what was the timescale involved.

Key findings include:

- The majority of respondents had been using telematics for over 1 year, most in the 1 to 3 year range, and it would be expected that any ROI would be clear and measurable after the initial year of use.
- Around 90% did see a ROI but it is interesting to see that approaching 50% did not see the ROI as originally expected. The conclusion of this could be either that the ROI was not correctly calculated in the requirements stage or that through use of the telematics system different areas of savings were identified than expected.
- In 2016 the main ROI was in fuel costs but the 2017 update was not so clear. Reduced staffing costs, such as overtime, on 30%, and other general areas including improved driving behaviour / less accidents, improved delivery / response times, less speeding offences, more accurate odometer readings, and unspecified reasons, accounted for another 31%.

The survey did not go into details of why the fuel saving were not now the main area of savings.

- In terms of timescales to see the ROI the responses were fairly evenly split between 1 to 2 years and longer. This was similar to the 2016 results.

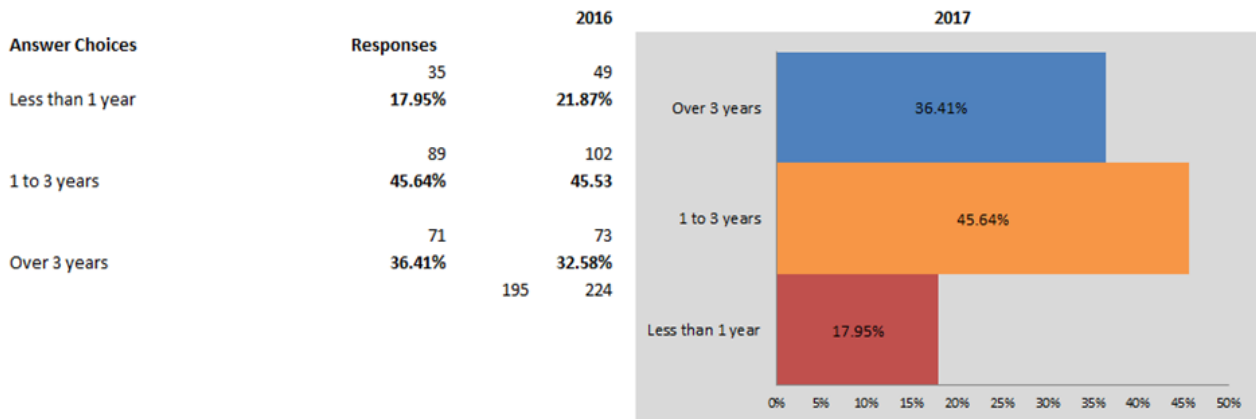
A concern for those not seeing a ROI until after two years is that the majority of telematics service agreements are for 3 years so nearly 40% of respondents will see a long period of no ROI before approaching a decision to renew an agreement or switch suppliers.

# Summary of Survey Results

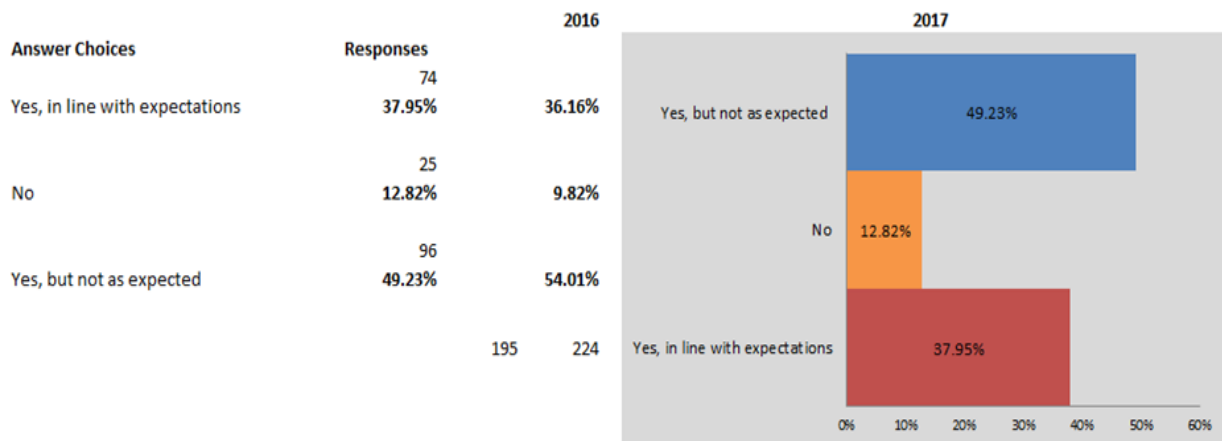
- Reasons for the ROI not being as expected were varied. Apart from the valid reason of being too early to measure applying to those with telematics only implemented for a short period, under 12 months, there were a number of reasons which could either have been eliminated by initial specification of a company's KPI's and needs or ongoing consultative support.

# Survey Answers

## Question 1: How long have you been using a Telematics system?

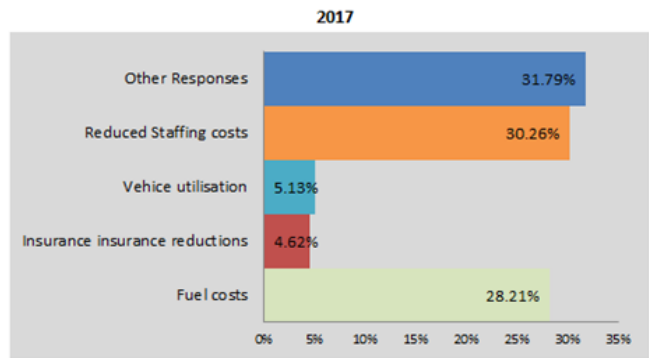


## Question 2: Are you seeing a measurable Return on Investment. Have you been able to measure operational savings in financial terms or by some other means of internal reporting matrix?



### Question 3: In which areas have you seen the main Return on Investment?

Answer Choices	Responses	2016	2017
	55		
Fuel costs	28.21%	60.60%	
	9		
Insurance insurance reductions	4.62%	12.40%	
	10		
Vehicle utilisation reductions in vehicle numbers	5.13%	10.10%	
	59		
Reduced Staffing costs such as overtime or similar	30.26%	45.02%	
	62		
Other Responses Other ( please specify )	31.79%	24.50%	
		195	224

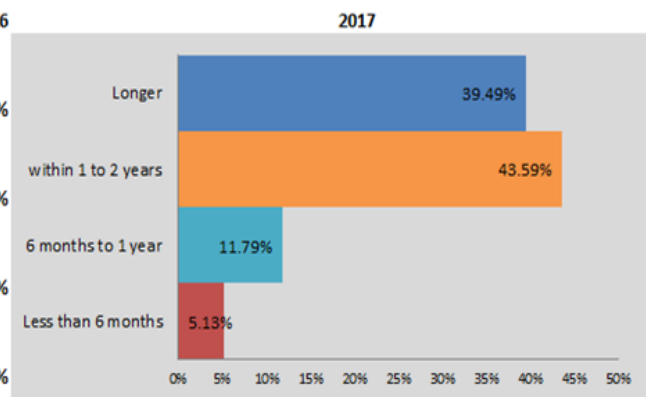


#### Multiple Answer Option

Other Responses include: Improved driving behaviour / less accidents, improved delivery / response times, less speeding offences, more accurate odometer readings, unspecified.

### Question 4: How long did it take before you started to see a ROI?

Answer Choices	Responses	2016	2017
	10		
Less than 6 months	5.13%	5.35%	
	23		
6 months to 1 year	11.79%	10.70%	
	85		
within 1 to 2 years	43.59%	41.07%	
	77		
Longer	39.49%	42.85%	
		195	224



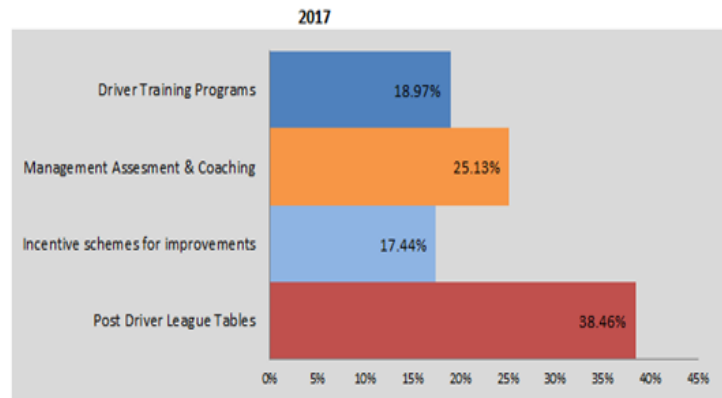
### Question 5: If the ROI is not as expected, what do you think is the reason?

Free text answers grouped under general headings.

- ROI not defined in the first case
- Product Issues
- Change of management
- Different fleet requirements
- Too early to measure
- Management reports not showing a clear ROI

## Question 6: If you measure driver behaviour, what main actions do you take to make an improvement?

Answer Choices	Responses
Post Driver League Tables	75 38.46%
Incentive schemes for improvements	34 17.44%
Management Assessment & Coaching	49 25.13%
Driver Training Programs	37 18.97%

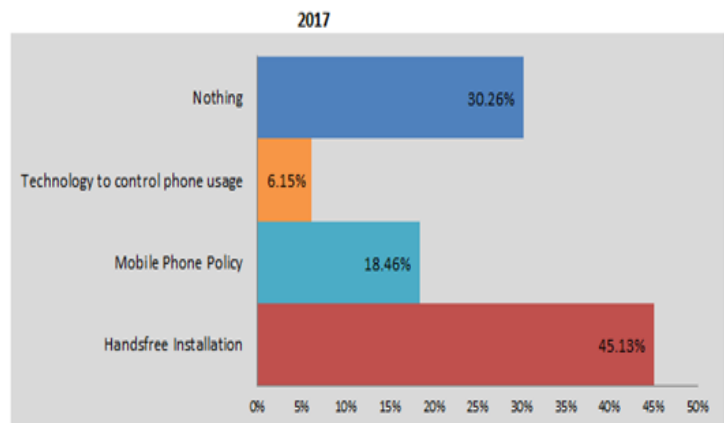


195

Note: Question not included in 2017 survey

## Question 7: If your drivers use mobile phones have you put in place measures to ensure safe and lawful use?

Answer Choices	Responses
Handsfree Installation	88 45.13%
Mobile Phone Policy	36 18.46%
Technology to control phone usage	12 6.15%
Nothing	59 30.26%



195

Note: Question not included in 2017 survey



# CONCLUSION

## Conclusion

Although only intended as a snapshot survey and comparison with our 2016 snapshot the results show the majority of telematics users do see a ROI but not until the second year of use. Of concern is the number who either did not define the ROI, did not have the data to see if and where a ROI is or changes in requirements during the period of the telematics agreement affected the ROI.

It is clear that the requirements need to be defined prior to implementing telematics and that at regular intervals the ROI needs to be checked against original expectations and any changes in the fleet and company requirements reviewed to refocus the fleet operations and telematics solution used.

The two additional questions concerning driver behaviour measurements and the use of mobile phones provided some interesting responses. Most respondents, 38%, used driver league tables to improve driver performance a much higher number than those using more interactive methods such as incentives, coaching or training programs.

In the same way the measures reported to manage safe and lawful mobile phone use highlighted the lack of proactive measures being used. With the current penalties for drivers, and in serious cases company directors, for incidents arising from illegal phone use leading to accidents it was expected more proactive measures would be in place.

Nigel Porter has over 30 years experience in telematics and mobile data with roles in development, sales and operations. Ranging from the early days of GPS tracking over analogue mobile phone and Private Mobile Radio networks to current GSM GPRS and satellite communications he has seen telematics evolve into an essential management tool for companies with mobile assets.

His telematics experience is with both start-ups and large international public companies covering all aspects of product development, sales, technical and customer management for both commercial telematics and high level security applications. Telematics Consultancy Services provide products and services to companies seeking to implement telematics, improve driver behaviour and manage mobile phone use in company vehicles.

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