WHEN SHINY NEW TECHNOLOGY promises options, opportunities, and new sources of data to revolutionize your fleet, the most important question probably isn’t “How much does it cost?” or “What can it do?”

Rather, the experts say, the first query should be, “What is the business problem I’m trying to solve?”

Admittedly, it’s easy to get distracted. There’s the growing interest in the “Internet of Things” to consider, the concept of an interconnected, largely automated environment of sensor-led devices that freely transfer data over a shared network. There are continued steps toward autonomous vehicles – not just parallel parking themselves, but actually navigating the roads. Today’s cars already sense others driving nearby; tomorrow’s cars, however, may “platoon,” in which a series of vehicles are connected via electronic signals, being “pulled along” by the driver of the lead vehicle in front.

And throughout it all, there’s the promise of data, data, and more data: on hard braking, on speed, on maintenance, and the condition of individual car components. Apparently, there’s a lot for the fleet administrator to know.

“But in my experience,” says longtime fleet manager-turned-consultant Bob Stanton, “managers don’t really know what they don’t know. They may think they want to look at a product, when in fact what they really want to look at is driver behavior.”

Stanton, who spent 17 years in the private sector and 22 in the public, was most recently Assistant Director, Building, and Equipment Services, for the City of San Antonio, Texas, where he oversaw 4,700 units. However, his experience with telematics goes back to 2002, measuring the lowering of blades on motor graders, using GPS on traffic control trucks to take a complete inventory of signs in the county, and performing other data-driven tasks. The partnership with the technology provider eventually dissolved, he says, “but by then, I knew that GPS and telematics would have a future in our business.”

Some would argue that the “future” is already here. The rate of growth of the GPS fleet management market has declined slightly, but it has been expanding by 15-20 percent a year, according to telematics research and consulting firm C.J. Driscoll & Associates.

And Clem Driscoll, the firm’s founder and principal, sees “abundant opportunities for growth for years to come.” That growth will come through value-added solutions, he says, in addition to the expansion of vertical markets with unique requirements; advances in analytics that will provide the answers to more complex questions; and demand for U.S.-developed solutions from overseas markets. (China, for example, already has 5 million commercial telematics units in service, and in India, the market is growing at a rate of 50 percent each year.)

The company recently surveyed more than 500 fleet operators in a study sponsored by 14 of the largest GPS fleet management companies. At current, Driscoll estimates, about 30 percent of U.S. fleet vehicles have a tracking solution of some kind in place, or some sort of mobile resource management solution.

“But I don’t think 100 percent ever will,” he says. Navigation systems can absolutely be beneficial. The place not yet reached, however, is for the data to go beyond “Where’s my truck?” to “When should I replace my truck?”

“The technology is there to take the next step,” Driscoll says. “To not just say there’s a problem with
some component of the engine, but to be able to analyze what it all means for the business, and how you can cut your costs. We’ll see a lot more of that moving forward.”

At this point, however, some still raise the questions of privacy and invasiveness. The idea of tracking drivers is not as big of a challenge as it was a decade or so ago, Driscoll says, but it does come up occasionally. There’s also the issue of individual data becoming part of a larger stream that might involve other companies or competitors.

“The reality is that we are now riding an inevitable downward slope, and stopping the momentum of this is going to be quite difficult,” says Mark Stein, Senior Vice President of Kaiser Associates, Inc., which recently released the report *Telematics and the Internet of Things*. “There is very little energy being applied to stopping the momentum. As consumers, individuals, and enterprises, we have all largely closed our eyes to the question of privacy. There’s a Pandora’s Box that has been opened here. We all have our transactions on the digital front – our communications, our travel, our financial transactions. Our entry into and out of buildings. The cameras, both the fixed ones, as well as the ones capturing random moments from people’s handheld devices. It’s almost as if the privacy question has been asked and answered without there ever having been a proper forum for it. We skipped the step

### IF AN INSURANCE COMPANY IS MONITORING A VEHICLE FOR SAFETY MEASURES, WHAT IS THE COMPANY’S RESPONSIBILITY TO REPORT A DRIVER WHO IS SPEEDING OR BREAKING THE LAW IN ANOTHER WAY?

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around. ‘Are we going to allow this to happen in our society?’ and we simply have allowed it to happen in a very short period of time. And as an analyst, I see nothing on the horizon pulling it back, despite many reasonable concerns. The politicians just are not up to it.”

As such, Stein says, most companies will find it increasingly easy to make folks adopt these technologies and operate within these boundaries. In the UK and other areas, for example, it’s quite common for individual, private drivers – especially those who are young with high insurance premiums – to have “black box” devices installed that monitor how the car is operated, still a relatively fledgling concept here in the U.S. The justification is the bottom line; it is more expensive for these drivers to have insurance without the boxes installed.

But what happens when companies “opt out” of technologies instead?

Questions have started to bubble up regarding what happens when technology that could have helped prevent an incident was not installed or deployed. In the end, could it be more expensive to not invest if a lawsuit comes about? Likewise, if an insurance company is monitoring a vehicle for safety measures, what is the company’s responsibility to report a driver who is speeding or breaking the law in another way? In another example, connected medical devices were being sold to physicians, who were then deploying them to patients. Since there were clinical benefits involved, the OEM’s role changed from being a product provider to a service provider, technically offering medical care rather than just a medical device. Where does the liability lie there?

“There are conceptual questions at this point,” Stein says. “But if the insurance company is monitoring the speed of drivers, do they become complicit when they don’t act on the data? Do they become a liable party? Those questions are interesting or compelling. They’ll probably get resolved when lawsuits occur, and there’s an effort to place liabilities on deep pockets…The step you can’t skip, even today, is making sure your legal documents disclose the fact that people are operating a vehicle that is being monitored…My business assessment is that in a fleet context, this stuff is inevitable. At how high of a utility? That depends on the application, on the business circumstance of the operator.”

James Tetherton, Vice President at Kaiser Associates, agrees. “People have philosophical debates about privacy, as they do everything else,” he says. It all comes down to how compelling the possible benefit is. For OEMs, including telematics in vehicles – even if passed on to the end-users at no cost – provides data that can generate useful customer insight. Tracking and monitoring equipment, the Kaiser report states, “can provide real-time benefits and long-term operational improvements. Tracking the location of equipment can ensure proper operation and compliance as well as drive capacity utilization and effective asset management. Over the long-term, data collected on the use of equipment can help improve efficiency and cost control.”

Regardless of whether the technology is offered directly from the OEM or is considered as an aftermarket add-on, the return on investment and ability to solve particular business problems must be fully considered.

Derrick Bishop, Founder of Bishop Fleet Optimization, a multinational consulting firm with offices in Australia, New Zealand, and the U.S., says an increasing number of organizations are starting to doubt whether telematics provides a return on investment at all. The company designs and builds its own specialized GPS equipment and supplies the devices at no charge to gather data for its fleet consulting work. Bishop says the company’s clients typically earn $1 million for every $50,000 spent on consulting due to a “short-term installation approach,” but long-term GPS installation is a different story. Some organizations, he says, are removing permanent GPS installations because of the dwindling benefit of repetitive data. Many companies, he says, find that they stop looking at the data within a few months, even though several years may be left on the GPS contract.

In the first weeks following installation, Bishop says, fleet administrators often are surprised by just how much information is available. By the second
“THE QUESTION PEOPLE HAVE TO STOP AND ASK IS, ‘WHAT PROBLEM ARE WE TRYING TO SOLVE?’”
—MARK STEIN, SENIOR VICE PRESIDENT OF KAISER ASSOCIATES, INC.

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