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How Telematics Can Reduce Fuel Costs for Truck Fleets



Big data can provide trucking companies with actionable business intelligence to influence the bottom line. As one example, telematics — data analysis designed specifically for transportation — can help carriers curtail one of their biggest expenses: fuel costs.

Using Telematics to Reduce Costs

Optimizing Driver Behavior

Telematics providers like Oakville, Ontario, Canada-based [Geotab](#) use software to analyze how drivers' behaviors — such as lane and route changes, fueling levels, speed, trip distance and time, idling, aggressive driving and more — affect gas mileage. Carriers can then set rules for drivers around harsh braking or rapid acceleration — behaviors that are proven to reduce fuel economy by 33 percent, said Mike Branch, Geotab's vice president of business intelligence.

Once fleets have this insight, they can identify drivers who are more efficient and understand why. “Using this information, they can coach other drivers, optimize routes and improve asset utilization, resulting in increased efficiency and lower overall fuel spend,” said Branch.

Route Analysis

Carriers can also use data to better understand metrics that are beyond a driver's control, including route selection, traffic patterns, pickup and drop-off locations, customer delivery times and specific-sized equipment.

[Averitt Express Inc.](#), a Tennessee-based freight transportation and supply chain management provider, implemented a pickup and delivery system in which it crunches data to find the most fuel-efficient route, according to Amos Rogan, leader of the company's "less-than-truckload" operations.

"The analysis of these various data sets can reduce the amount of miles driven and fuel consumed while also enabling us to better meet our customers' receiving times more consistently for a better service offering," Rogan said.

Additional Benefits of Telematics

Not only can the fuel-saving benefits scale across a fleet, the budgetary advantages of big data don't end at fuel costs. According to Branch, a company that collects and analyzes data via in-house staff or a third-party provider will see a range of benefits that can include:

- Streamlined routes, delivery times and locations
- Decreased emissions
- Minimization of risky driver behaviors such as speeding, harsh braking and rapid acceleration
- Ability to determine the most efficient vehicle makes and models in your fleet
- Insight into overall operations derived by syncing data with CRM and ERP systems
- Improved profitability and increased customer retention
- Ability to share measurable performance and best practices across company locations

How to Create a Data-Driven Trucking Culture

A company that hopes to reap the benefits of big data must first create a data-driven culture. Trucking company owners often rely on gut feelings when making business decisions. But using data analytics leads to better choices, especially when it comes to financial matters, said Averitt's Rogan.

"Leveraging big data to optimize operations can lead to savings in costs and time on various levels," he said. "However, to be successful utilizing big data, you have to realize that the company's culture and associates play an important role, as well."

To move toward a data-driven corporate mindset, he said, carriers should:

- Appoint a chief information officer (or someone in a similar role) who can drive technology strategy and who has an equal voice alongside others in the C-suite
- Remove silos across departments, so that IT, sales, operations — and especially drivers — are all synchronized and working toward the same goals

"By instilling a culture of trust and teamwork, companies can also succeed by encouraging their associates to trust the benefits of big data," Rogan said. "In Averitt's case, we have established trust by enhancing our operations with big data on a computer screen to make big decisions that impact drivers looking through the windshield."

Privacy is understandably a concern for trucking companies that hope to improve their operations with telematics. But establishing proper policies and processes through IT staff or vendors can

address that concern.

"Using your vehicle data to identify key improvement areas provides endless opportunities to improve the ROI of your fleet," Branch said. "Businesses that aren't using data to improve operations and benefit their bottom line are at risk of getting left behind."

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