

ELD Rule Opens Up Opportunity to Integrate and Transform Fleet Ops

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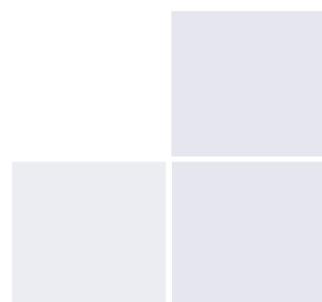
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Today's fleet companies recognize that implementing the Federal Motor Carrier Safety Administration's (FMCSA) Electronic Logging Device (ELD) mandate is critically important, if only to avoid the fines and penalties of non-compliance. However, the ELD rule also presents a bigger opportunity—a chance to take a new, more integrated look at the way your business works.

This paper will review the ELD mandate highlights. Just as importantly, it will then provide a set of product and vendor selection criteria that will encourage you to think beyond just this initial, compliance-driven purchase. Electronic Hours of Service (HOS) tracking can not only be combined with other valuable fleet management tools, it can also be closely integrated with related solutions like worker tracking, cargo monitoring, and cutting-edge communications.

Too futuristic? Too expensive? Too complicated? Not really. This paper will introduce you to a full suite of affordable, integrated solutions that can transform your efforts in the field and on the road.

QUICK OVERVIEW – THE MANDATE AND THE TIMING

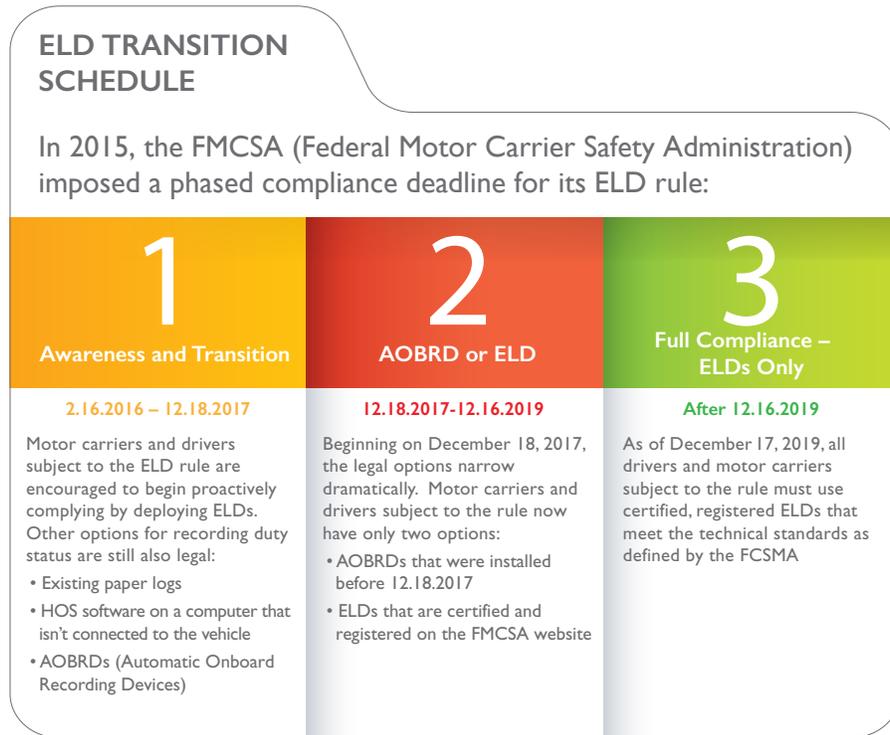
It is no exaggeration to state that the Electronic Logging Device rule is bubbling to a boil in North America, especially in the US. Simply put, this mandate requires most commercial drivers to use electronic logs—not paper logs—to track a driver's record of duty or Hours of Service. The ELD makes this possible by monitoring each fleet vehicle's engine to capture multiple types of data, including vehicle movement, miles and hours driven, and the duration of engine operations.

This mandate applies to one very clear operator segment: Only motor carriers and drivers who are required to prepare and produce HOS records of duty status (RODS) are required to comply. As always, there are some exceptions. The mandate does not include:

- Short-haul drivers that operate within a 100 air-mile radius of the normal work reporting location;
- Drivers who use paper RODs for not more than 8 days out of every 30-day period;
- Drivers who conduct drive-away-tow-away operations (where the driven vehicle is the asset being delivered); or
- Drivers of vehicles manufactured before 2000.



In 2015, the Federal Motor Carrier Safety Administration imposed a phased compliance deadline for its ELD rule:



Fortunately, the specifications for an acceptable ELD are fairly straightforward. The device must:

- Automatically capture driving time;
- Allow drivers to update their duty status (on duty/not driving, off duty, driving, sleeper berth);
- Allow drivers to edit their logs; and
- Allow a motor vehicle's engine to capture the data through an electronic control module (ECM).

The device must also:

- Be tamper-proof;
- Protect the driver's privacy; and
- Prescribe the type of graph grid and the record of duty status to be properly displayed at roadside and transmitted to a motor carrier.

The goal of the phased compliance deadline is to allow drivers and motor carriers to have a reasonable amount of time to deploy the electronic technology in a safe, correct manner. However, some still ask why this mandate is necessary in the first place. The bottom-line rationale behind the rule centers on safety and economics.

Consider this: there are currently about 5.7 million commercial vehicle drivers. Reportedly, one in every 15 trucks is involved in a crash, adding up to more than \$100 billion in damages.¹

¹ Large Truck and Bus Crash Facts 2013, Pocket Guide to Large Truck and Bus Statistics, National Listing of Closed Enforcement Cases.

The first line of defense against these types of accidents is clear. Officials count on roadside inspections to enforce maximum on-duty and driving hour requirements, and thereby minimize fatigue and carelessness.

Unfortunately, the paper logs being inspected can be easily falsified. In 2014, more than half of those 5.7 million drivers were stopped for roadside inspections. Out of those 3.4 million stops, approximately 20% resulted in a penalty for hours of service non-compliance. The top violations were driving past the maximum 14-hour duty period, filing false reports regarding duty status, and failing to create and/or retain logs. Fines for these violations can amount to hundreds or even thousands of dollars.

Electronic recording should decrease the number of these HOS violations. So the key objectives of the ELD mandate can be summarized as:

- To increase the safety of the driver, the vehicle, its cargo, and the general motor public;
- To efficiently automate and transmit HOS information to the authorities;
- To gather and transmit the data in a highly secure fashion; and
- To maximize driver privacy and minimize driver harassment throughout this process.

THE UPSIDE—BENEFITS TO ANTICIPATE

Today's businesses are under pressure to innovate and digitize. This trend is sweeping across all industries, and fleet organizations are no exception. ELD implementation is a giant step toward digitizing valuable transportation data in an effort to make truckers, businesses, and the entire industry safer, more efficient, and more environmentally responsible.

In this context, it's hard to argue with the benefits of the ELD mandate:

- **A safer transportation system** – When driving time is automatically logged, alerts are set off whenever HOS compliance is reaching a maximum threshold. Automated logging allows roadside inspectors to view an accurate record of duty status. Electronic logging also enables more efficient dispatching and scheduling because these decisions are now based on real-time conditions (the driver's current location, number of driving hours remaining before break, etc.).

When they're being electronically tracked, drivers are actively incented to get off the road when they're supposed to and take their required breaks. With fewer fatigued drivers on the road, there should be a higher level of alertness and fewer accidents and fatalities.

- **Increased efficiency and profitability** – Employees who spend less time filling out manual forms can spend more time actually driving. In addition to increasing revenues, discontinuing paper logs has been calculated to result in approximately \$700 in savings per driver per year.² There's also the probability of lower insurance premiums with ELD technology in place.
- **Minimized business risk** – Non-compliance could put a company out of business. Electronic logging helps a company avoid fines, penalties, regulatory orders, and negative publicity.
- **Positive environmental impacts** – More efficient fuel usage is a natural byproduct of more visible vehicles and better dispatching decisions.
- **Level playing field** – Automatic logging ensures that everyone is playing by the same rules.

² Fleet Complete analysis based on assumptions stated by FMCSA, Regulatory Impact Analysis for ELDs.

Although the ultimate ELD implementation deadline is December 2019, the potential savings from reduced paperwork alone make it financially worthwhile to begin deployment earlier rather than later. And then there's the human factor; automatic logging also takes a major burden off the driver's shoulders and lets them focus their attention on the primary task at hand: transporting goods and people in a safe and efficient manner.

MAKING THE SMART DECISION—DON'T FORGET THESE CONSIDERATIONS

If your fleet hasn't already deployed an ELD solution, it's past time to begin looking at your options. Here are some top criteria to keep in mind:

ELD Solution Checklist

- ✓  **Competitive pricing** – Compare prices (as apples-to-apples as possible) and consider looking for a cloud-based solution that scales easily, charges you on a per-vehicle per-month basis, and avoids capital expenditures such as expensive on-premise servers.
- ✓  **Meets required specs** – At a minimum, the solution must meet current FMCSA ELD standards. Then ask the provider for its latest performance stats on uptime, data security, and accuracy. Also see if the ELD has been registered on the FMCSA website and certified by an external party.
- ✓  **Ease of use** – Request a short pilot. If your test drivers have a difficult time using the solution, move on. If the portal, the set up, and ongoing management are too complicated to be easily administered by your staff, look elsewhere.
- ✓  **Timely software updates** – You can't purchase a solution that goes stale in six months. The vendor should release software updates on a regular basis, and all updates/upgrades should be delivered over the air (OTA) free of charge.
- ✓  **24/7/365 Help desk availability** – Problems occur. Issues arise. Does the vendor have a tech help desk to contact? What level of assistance is available? Is the help desk accessible by phone? In our global, connected economy, technical assistance should be available all day, every day.
- ✓  **Reports and analytics** – Each ELD on each fleet vehicle is collecting a tremendous amount of data. Ask about the types of reports and analyses that will be made available. How customizable are they?
- ✓  **Integration with complementary solutions** – Don't be short-sighted. An ELD solution will get the Hours of Service job done, but is that really all you're interested in? Even if your needs are basic today, odds are they'll become more complex as the months go by. Stay away from siloed, standalone products, think "platform," and assess each ELD solution for its integration opportunities.

Integration capabilities are well worth the extra consideration. For example, can the ELD solution integrate with adjacent fleet management solutions such as International Fuel Tax Agreement (IFTA) software? Can Driver Vehicle Inspection Reporting (DVIR) requirements be incorporated?

Or think even bigger. What if, in addition to tracking your fleet vehicle activity, you decided to also maintain visibility of your drivers when they step out of their trucks? Or consider the benefits of monitoring the actual assets being picked up and delivered. You might be able to charge end customers extra for tracking their cargo's temperature, humidity, exposure to light, etc., via sensors. All of this is possible with a digital fleet management platform.

Even if you have no need now, it's worth asking if the ELD solution could be integrated with worker and/or cargo tracking and monitored all on a single administrative screen. There are products out there today that do just that.

In addition to these solution criteria, you will want to carefully evaluate the ELD providers themselves. They should offer more than just a product:

ELD Vendor Checklist

-   **ELD Mandate expertise** – Can the vendor readily explain the difference between US and Canadian ELD requirements? Are they aware of the jurisdiction-specific details regarding when laws go into effect and the level of information required for inspections and audits? How long has the vendor been offering fleet management solutions?
-   **Target markets** – How many customers and active subscriptions does the vendor currently have in place? Do they have experience in your particular industry? How do their customers segment out by size? Are these customers willing to talk with you and share their deployment experience?
-   **Geographic coverage** – Is this vendor and/or its channel partners present in the geographies you serve today and plan to serve in the future?
-   **Financial stability** – How long has the vendor been in business? What financial information are they willing to share?
-   **Channel partnerships** – How trustworthy are the vendor's distribution partners? Can any of these partners offer one-stop shop convenience, including all of the components of an ELD solution: software, hardware, data network plans, and installation services? Can they provide a single point of contact and a single invoice?
-   **Integration opportunities** – Is a full portfolio of adjacent fleet management solutions available? Can the vendor and/or the channel partner offer integration with other related field capabilities, such as worker or cargo tracking, enhanced push-to-talk communications, mobile forms for data capture, etc.?
-   **Future-proofing** – Does the vendor offer a digital fleet management platform that will support future Internet of Things (IoT) synergies? Does this platform give you the ability to access and capitalize on all of the digitized transportation intelligence that's being collected?

These two checklists offer the basics of ELD due diligence. Identify an initial group of potential providers and then use these questions during your evaluation to produce a set of high-quality prospects.

THE FLEET COMPLETE ADVANTAGE

Frost & Sullivan monitors the North American fleet management market on an ongoing basis, including analyzing the capabilities and product portfolios of numerous vendors and channel partners in this sector. To date, few companies have forged the type of solution set and partner ecosystem that satisfies the selection criteria outlined in the previous section.

One vendor-channel partnership of note pairs wireless carriers with Fleet Complete, a global fleet management services provider headquartered in Toronto, Canada. Working together, this unique partnership not only addresses the ELD mandate, but also focuses on providing true integration with other related field solutions.

To begin with, the Fleet Complete Hours of Service (HOS) solution provides the kind of intuitive, ELD-compliant functionality that companies should be demanding. The solution:

- Automates driver log books and calculates available drive time;
- Provides up-to-date Department of Transportation (DOT) Log information to roadside inspectors;
- Includes automated Driver's Vehicle Inspection Reports (DVIR)—pre-trip, in-transit, and post trip;
- Tracks engine hours, vehicle movement, distance driven, and geographic location;
- Issues warnings and alerts to the driver;
- Improves driver visibility to dispatchers;
- Stores logs for as long as you wish and makes them easily accessible in the event of an audit; and
- Offers mounted and mobile device options.

The HOS solution can be combined with a wide range of other Fleet Complete solutions, such as IFTA software, navigation apps, and driver performance monitoring (tracking idling and hard braking, for example).

Fleet Complete also provides its customers with an expansive geographic presence, a comprehensive understanding of ELD rules in and across US and Canadian jurisdictions, and a demonstrated commitment to update its solution to reflect any modifications in government regulations.

However, what makes this vendor unique in today's market is its ability to integrate with a raft of complementary mobile resource management solutions. The Fleet Complete suite can track and monitor not only fleet vehicles, but also individual workers and the cargo itself—an unprecedented level of visibility all on a single, integrated, digitized platform and via one administrative screen.

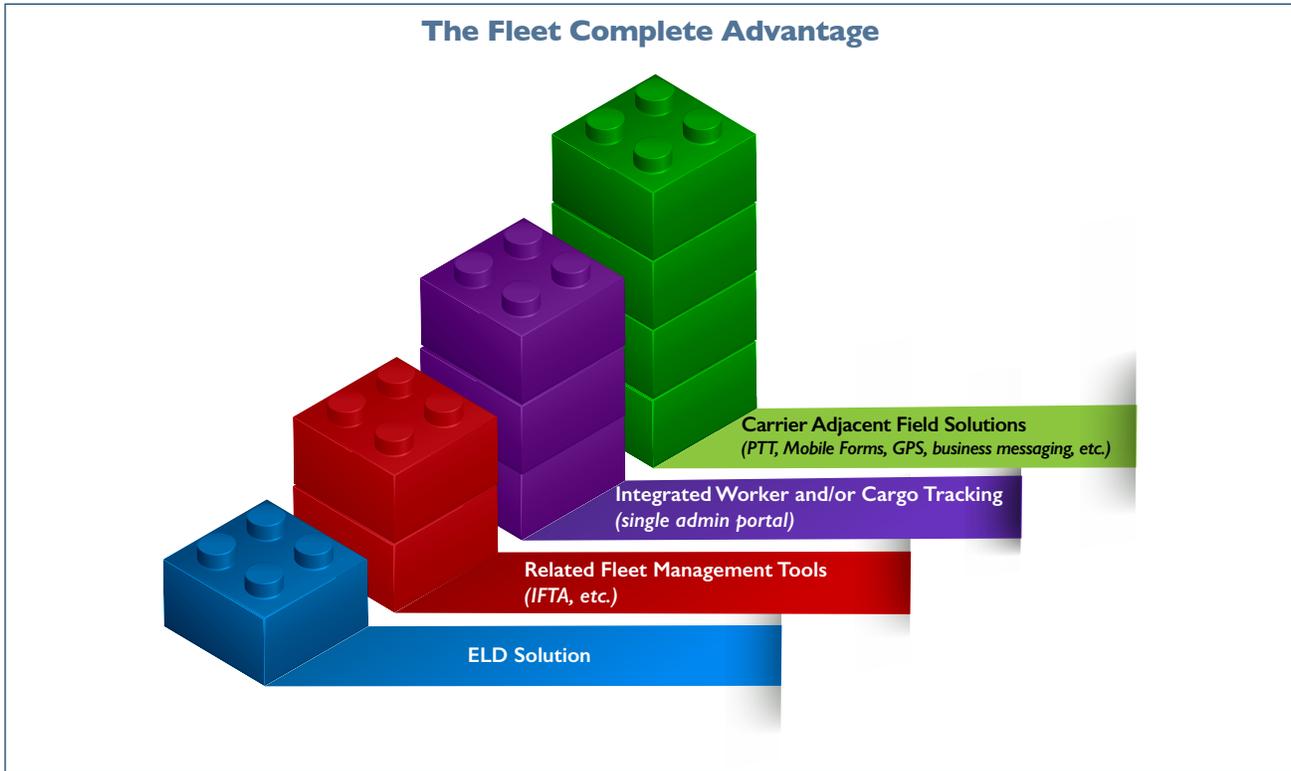
Adding a top-tier wireless carrier as a partner provides even more potential benefits for Fleet Complete customers, including:

- One-stop shopping convenience, with the ability to package ELD software, hardware, network data services, and hardware mounting and installation support into an affordable bundle;
- A full portfolio of adjacent mobile field solutions which – depending upon the carrier – can include services such as next-generation push-to-talk (PTT) voice communications, various mobilized field service management capabilities (work order management, mobile forms, GPS tracking, etc.), and even integration with relevant third-party apps; and
- A single point of contact for these services, all billed on a single invoice.

Every year, Frost & Sullivan research reveals that North American businesses and their fleet organizations view wireless carriers as a favorite partner when it comes to purchasing these types of mobility solutions. Today's carriers are trusted to evaluate, deliver, and support only best-in-class offerings.

These wireless carrier partnerships are a singular differentiator for Fleet Complete in today's marketplace.

The portfolio that results from these partnerships offers an array of fleet optimization options that other vendors would be hard-pressed to match.



THINK BIG

Timely and accurate compliance with the FMCSA's ELD mandate is absolutely critical to a fleet's success and profitability. All motor carriers that are subject to this rule are urged to begin complying sooner rather than later.

However, visionary companies will also recognize this mandate as an opportunity to think even bigger. Companies should take a couple of steps back and evaluate their need for a more expansive approach to overall fleet support.

The right partners and a fresh look at 21st century tracking, monitoring and automation capabilities can result in an integrated and comprehensive solution roadmap that:

- Enhances safety;
- Increases profitability;
- Differentiates against competitors;
- Improves worker efficiency;
- Creates new revenue streams; and
- Optimizes customer satisfaction.

More information about the Fleet Complete portfolio can be [found here](#).

NEXT STEPS



Schedule a meeting with our global team to experience our thought leadership and to integrate your ideas, opportunities and challenges into the discussion.



Interested in learning more about the topics covered in this white paper? Call us at 877.GoFrost and reference the paper you're interested in. We'll have an analyst get in touch with you.



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