

Summary

Executive summary

Fleet management solutions are vehicle-based systems that incorporate data logging, satellite positioning and data communication. On-board vehicle computers emerged in the 1980s and were soon connected to various satellite and terrestrial wireless networks. Today mobile networks can provide ubiquitous online connectivity at a reasonable cost and mobile computing technology delivers very high performance, as well as excellent usability. At last, advanced and easy-to-use Internet applications can now be delivered in the vehicle environment.

After many years of unfulfilled expectations, the European market for fleet management solutions is finally coming to life. Active marketing of mature solutions by the likes of TomTom WORK, Masternaut and Transics resulted in a healthy annual unit shipments growth rate of 37 percent in 2006. Particularly enterprises with medium to large vehicle fleets in the transportation and business services industries are adopting the technology to improve efficiency and reduce costs. Optimisation of vehicle fleet utilisation is particularly important in the light of the 35 percent increase in fuel prices in Western Europe since 2001. Fleet management technology has now reached the stage where it is being embraced by early adopters. For many years, only the innovators in industries characterised by significant commercial vehicle fleets considered implementing fleet management solutions. Now the technology is on the verge to cross the chasm to penetrate a wider target market at a faster pace than previously. This is the period of the typical new technology market lifecycle that record the highest annual growth rates.

The growth long term potential for fleet management technology in Europe is significant. According to the latest available official statistics there are about 32.3 million registered commercial vehicles in EU23+2. About 2.5 million new commercial vehicles were registered in the area during 2005. Road transport is enormously important for the European economy. Each day, the transport industries and services of the EU carry 50 million tonnes of goods

and deal with 15 million courier, express and parcel shipments. About 18 million mobile workers utilise vans and other types of light commercial vehicles in their everyday work, driving on average 67 kilometres. Moreover, hundreds of millions of Europeans depend on road passenger transports for their everyday travelling.

Three main categories of vendors compete on the European fleet management solution market – OEMs, aftermarket solution providers and PND vendors. Aftermarket solution providers currently dominate the European market for fleet management solutions. After nearly a decade of telematics ventures with mixed results, the remaining players are starting to reach a certain degree of maturity with their products as well as financially. New threats are however looming on the horizon as the OEMs reinforce their fleet management offerings. After the introduction of DAF Telematics, all of the major European truck manufacturers except IVECO now offer branded fleet management services. At the same time the highly successful PND-vendors now turn their attention to extending their offerings for commercial vehicle fleets. TomTom WORK has successfully claimed the number one market position and is now being followed by Garmin and its partner GPS-Buddy.