

Summary

Executive summary

Fleet management is an ambiguous term used in reference to a wide range of solutions for different vehicle-related applications. Berg Insight's definition of a fleet management solution is a vehicle-based system that incorporates data logging, satellite positioning and data communication to a backoffice application. The history of fleet management solutions goes back several decades. On-board vehicle computers first 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. All of these components combined enable the delivery of vehicle management, transport management, driver management and mobile workforce management applications linking vehicles and enterprise IT systems. Furthermore the same technology platform can also be used for electronic toll collection.

Commercial vehicle fleets play an essential role in the European economy. According to official statistics there were 33.9 million commercial vehicles in use in EU23+2 in 2006. The 6.0 million medium and heavy trucks accounted for more than 75 percent of all inland transports, forming a € 250 billion industry. Approximately 0.7 million buses and coaches stood for 9.3 percent of all passenger kilometres. Last but not least, the greater part of the 27.2 million light commercial vehicles (LCV) in Europe was used by mobile workers and for activities such as distribution of goods and parcels.

Berg Insight is of the opinion that the European fleet management market has entered a growth period that will last for several years to come. However the market is not unaffected by the global economic downturn and there is a widespread concern in the industry that decreasing investments will slow down the adoption of new technology. Decision makers are more likely to delay projects and require even shorter payback periods on capital

investments. A growing number of companies may not have the organisational or financial resources needed for successful implementation of a fleet management solution. Furthermore many existing telematics users, for instance in the construction industry, will be forced out of business. Fortunately for the industry, there will however be an even stronger focus on cost efficiency and the companies that fare best in the hard times are likely going to be those that master advanced technology.

Berg Insight expects that the penetration rate for fleet management will continue to increase 2009 and 2010, although at a slower pace than previously anticipated. Individual markets may however suffer temporary setbacks, depending on the local economic developments. The number of fleet management systems in active use is forecasted to grow at a compound annual growth rate of 20.5 percent from 1.1 million units at the end of 2008 to 3.3 million by 2013. The penetration rate in the total population of non-privately owned commercial vehicles is estimated to increase from 3.1 percent in 2008 to 9.3 percent in 2013.

A diversity of international aftermarket solution providers compete for the top positions on the European market. These include specialists such as Cybit, Minorplanet, Navman Wireless and Trafficmaster from the UK, Masternaut from France, Digicore and MiX Telematics from South Africa and Punch Telematics and Transics from Belgium, as well as the large corporations GE and Qualcomm. The navigation vendors TomTom and Garmin are also active on the market, employing strikingly different strategies. Trimble is a new entrant on the European fleet management market but has a leading position in North America following the acquisition of @Road in 2007. Masternaut is ranked as the largest player overall in terms of installed base with 100,000 units deployed, mainly in France and the UK, while Transics is ranked as number one in the heavy trucks segment with about 55,000 units installed.

All major truck manufacturers on the European market offer OEM telematics solutions as a part of their product portfolio. Mercedes-Benz, Volvo and Scania launched their first products in the 1990s and followed by MAN in 2000, Renault Trucks in 2004, DAF Trucks in 2006 and IVECO in 2008. The products are all supporting the FMS standard and can generally be deployed in mixed fleets even if some functionality can be brand-specific. A major trend in 2008 has been the announcement of solutions for remote downloading of digital tachograph data.