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.

Commercial vehicle fleets play an essential role in the European economy. According to official statistics there were 34.6 million commercial vehicles in use in EU23+2 in 2007. The 5.9 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 27.9 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 has been temporarily affected by the global economic downturn and the decreasing investments has slowed down the adoption of new technology. While forecasts remain difficult to make, it is clear that 2010 will again be a very challenging year for the industry, as the overall economy has not recovered completely yet. Decision makers are still more likely to delay projects and require even shorter payback periods on capital investments. Some companies may simply not have the organisational or financial resources needed for successful implementation of a fleet management solution and a number of existing FM users 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 in 2010 and that sales will pick up towards H2-2010. Individual markets may however suffer temporary setbacks, depending on the local economic developments such as the current second wave economic crisis in southern Europe. The number of fleet management systems in active use is forecasted to grow at a compound annual growth rate of 21.7 percent from 1.5 million units at the end of 2009 to 4.0 million by 2014. The penetration rate in the total population of non-privately owned commercial vehicles is estimated to increase from 5.5 percent in 2009 to 14.8 percent in 2014.

A group of international aftermarket solution providers have emerged as the leaders on the European fleet management market. Masternaut is ranked as the largest player overall in terms of installed base with 120,000 units deployed, mainly in France and the UK. TomTom WORK was the fastest growing vendor in 2009 and has now surpassed the landmark 100,000 subscribers. Transics is number one in the heavy trucks segment with nearly 70,000 units installed. Other significant players include European companies such as Cybit, Navman Wireless, Punch Telematix and Trafficmaster and international players like GE and Qualcomm from the US and the South African telematics providers Digicore and MiX Telematics. The top players are growing partly at the expense of smaller local providers who are being most hardly hit by the difficult economic climate.

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 and 2009 has been the announcement of solutions for remote downloading of digital tachograph data and more advanced functionalities for eco-driving.