

Fleet Management – World 2013

A complete set of three unique reports - offering in-depth analysis and unique insights into the global fleet management market. This package offers more than 550 pages of excellent reading and comprises the following titles in Berg Insight's M2M Research Series: Fleet Management in Europe, Fleet Management in Russia/CIS and Eastern Europe and Fleet Management in the Americas.

Please find below the summaries for each of the reports included in this package.

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 35.7 million commercial vehicles in use in EU23+2 in 2010. The 5.9 million medium and heavy trucks accounted for more than 75 percent of all inland transports, forming a € 250 billion industry. Approximately 0.8 million buses and coaches stood for 9.3 percent of all passenger kilometres. Last but not least, the greater part of the 29.1 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. 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 16.0 percent from 3.05 million units at the end of 2012 to 6.40 million by 2017. The penetration rate in the total population of non-privately owned commercial vehicles is estimated to increase from 10.6 percent in 2012 to 21.1 percent in 2017.

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 close to 287,000 units deployed in September 2013, mainly in France and the UK. TomTom Business Solutions was the fastest growing vendor also in 2012 and has now surpassed 300,000 subscribers. Transics is number one in the heavy trucks segment with an estimated 80,000 active units installed. Other significant players include European companies such as Vehco, Navman Wireless, TRACKER and Trafficmaster and international players like Trimble and Omnitrac (Qualcomm) from the US and the South African telematics providers DigiCore and MiX Telematics.

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 the past two years has been the announcements of standard line fitment of fleet management solutions. Since the end of 2011, Scania is rolling out the Scania Communicator as standard on all European markets and includes a four year basic service subscription. The new generation of the Actros trucks from Mercedes-Benz contains the FleetBoard vehicle computer as standard in all EU27 countries since October 2011. Volvo is going in the same direction offering Dynafleet as standard in Europe. MAN TeleMatics is since July 2012 standard on the new truck model TGX EfficientLine including a 4-month trial for the service.

A second wave of M&A activities started in 2013. Danaher Corporation acquired Navman Wireless and Trafficmaster from Prairie Capital and Vector Capital respectively. TomTom made its second acquisition in the fleet management space when picking up Coordina headquartered in Spain. The acquisition adds 27,000 fleet management subscriptions primarily in Spain. Qualcomm also announced the divestment of the Omnitrac operations in the US, Canada and South America to Vista Equity Partners in August 2013. The European arm of the business is surprisingly still part of Qualcomm. Lyceum Capital acquired Isotrak from Saints Chamonix Private Equity in the same month. The latest transaction was done in September 2013 when Oskando and Autolog merged and at the same time launched the new brand EcoFleet.

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Fleet management (FM) 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 in many regions 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 economy in the CIS and Eastern Europe, where several countries are part of important Pan-European transport corridors. The total of around 9 million trucks in the region account for a major share of all inland transports. Motor vehicles are for example involved in about 70 percent of all inland transports in Russia. In Europe, medium and heavy trucks account for more than 75 percent of all inland transports, forming a € 250 billion industry. Moreover, the greater part of the total 13 million light commercial vehicles (LCVs) in Eastern Europe and the CIS are used by mobile workers and for activities such as distribution of goods and parcels.

Berg Insight is of the opinion that the fleet management market in the CIS and Eastern Europe has entered a growth period that will last for several years to come. Key drivers include cost reductions related to fuel savings and regulatory developments such as ERA-GLONASS. The number of fleet management systems in active use in the region is forecasted to grow at a compound annual growth rate of 22.6 percent from 2.2 million units at the end of 2012 to 6.1 million by 2017. The penetration rate in the total population of non-privately

owned commercial vehicles is estimated to increase from 10.0 percent in 2012 to 23.8 percent in 2017. The Russian market accounts for a significant share of the region's total installed base and is forecasted to grow from 850,000 active FM units at the end of 2012 to 2.5 million by 2017.

The leading FM providers in terms of installed base in the CIS and Eastern Europe include diverse players from a number of countries. Belarus-based Gurtam is established as the leading FM software provider active across most countries in the region with more than 220,000 vehicles managed through its Wialon platform. Arvento Mobile Systems from Turkey and TechnoKom from Russia are moreover important telematics players on their respective domestic markets, with presence also in additional countries in both the CIS and Eastern Europe. The Russian solution providers M2M Telematics, ENDS and Russian Navigation Technologies furthermore all have estimated installed bases in the range of 60,000–85,000 active units. The large dealer networks of these companies also cover other CIS countries whereas the international ambitions in for example Eastern Europe generally are low. Additional significant players include Mobiliz, Fort-Telecom, Scout and Omnicomm. Notable is the fact that none of the major international solution providers have managed to capture any significant market shares in this region.

The expectations for the future FM market in Eastern Europe and the CIS include a gradual convergence with the developments in Western Europe. Eastern Europe is already tracing the most developed European markets closely in terms of system functionality and service models. The major Russian providers are instead still primarily serving large corporations with standalone systems, whereas subscription services are mainly adopted by SMBs. Cloud services based on recurring service fees are however anticipated to become a greater focus also for major enterprise fleets on the Russian market in the near term. Another key trend on the European market is factory-fitment of OEM truck telematics. The local Russian truck manufacturers have however not yet embraced this development and the OEM telematics activities remain limited. Ultimately, these OEMs are also expected to gradually introduce proprietary telematics systems including vehicle tracking, remote diagnostics and fleet management functionality. Market dynamics will foster this development, not the least due to the increasing competition from Western European commercial vehicle OEMs.

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Fleet management (FM) is an ambiguous term used in reference to a wide range of solutions for different vehicle-related applications. Berg Insight's definition of an FM solution is a vehicle-based system that incorporates data logging, satellite positioning and data communication to a backoffice application. The history of FM 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 in many regions 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 economy both in North and Latin America. In North America, there are approximately 12.9 million GVW 3–8 commercial vehicles in use. Around 18 million lighter vehicles including GVW 1–2 vehicles and cars with no GVW are also owned by enterprises or public entities. In Latin America, the number of commercial vehicles in operation is estimated to 23.3 million, out of which 5.2 million are heavy trucks and 18.1 million are light commercial vehicles. Berg Insight is of the opinion that the market for fleet management in the Americas is in a growth period which will continue in the years to come. The advanced North American market will remain on a growth track, not the least driven by regulatory developments such as CSA and the forthcoming ELD/EOBR mandate. Latin America is coming from a lower degree of maturity in the utilisation of fleet management solutions and will also experience an increase in adoption. In many cases, an educational process may however be needed in order to increase the awareness among prospective users about the potential that FM solutions have beyond mere security related features.

Berg Insight expects the market for fleet management to continue to show healthy growth in 2013. In North America, the number of fleet management systems in active use is forecasted to grow at a compound annual growth rate (CAGR) of 15.6 percent from 3.3 million units in 2012 to 6.8 million units by 2017. The penetration rate in the total population of non-privately owned commercial vehicles is estimated to increase from 11.7 percent in 2012 to 21.9 percent in 2017. In Latin America, the number of FM systems in use is projected to increase from 1.6 million units in 2012, growing at a CAGR of 16.3 percent to reach 3.3 million units in 2017. The penetration rate among non-privately owned commercial vehicles in the region is estimated to increase from 7.0 percent in 2012 to 14.2 percent in 2017.

The market leaders on the fleet management market in the Americas include a range of different actors. Omnitracs is ranked as the largest player, with an estimated total installed base of approximately 500,000 active units in North and Latin America. The company's solutions are targeted at heavy trucks, where the main competitors in North America include XRS and PeopleNet. Trimble which previously mainly focused on service fleets now has a total installed base of 360,000 units following the acquisition of PeopleNet. Other actors focusing on service fleets include Fleetmatics, Verizon Networkfleet and NexTraq. Several actors also have a broader market scope, covering both light and heavy vehicles. Examples include Telogis, Teletrac, Geotab, Zonar Systems and Webtech Wireless. Major Brazilian providers include Sascar, Autotrak, Zatic and OnixSat, each having estimated installed bases in the range of 60,000–140,000 units. Other notable actors in Latin America include Copiloto Satelital and Grupo UDA in Mexico, Satrack in Colombia, and Tastets System and Wisetrack in Chile, each holding important positions in their respective countries.

Most commercial vehicle manufacturers active in the Americas offer OEM telematics solutions – either independently or in partnership with established FM providers – with examples such as Volvo Link and Ford Crew Chief on the US market. Hino Insight was announced in 2011, as was Virtual Technician for Daimler's Freightliner and Western Star trucks. Paccar's TruckerLink service was also introduced during the year. Daimler's FleetBoard and Volvo's Dynafleet have moreover been launched in Brazil, while Scania Fleet Management is rolled out in Latin America. MAN Latin America offers the Volksnet solution and Iveco has further developed the system Frota Fácil. FM solutions from OEMs have not yet been particularly successful in the Americas, but are expected to increase in importance in the coming years.