



# Bucking the trend: why fuel and maintenance programs should go hand-in-hand

Although maintenance costs have stabilized, there is a way for fleets to find potential cost savings. Integrating fuel and maintenance data is the new frontier into getting insights into vehicle health and controlling expenses.

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Over the past several years, fleet managers have come under increasing pressure to cut costs and save money. While there are a number of tools available to fleets to control costs, often, these solutions are used in a way that don't maximize cost savings.

And even if fleets want to streamline processes and integrate the data provided by these tools, there are numerous and inefficient steps that are required to gain true operational visibility and efficiencies.

Taking a fresh approach is particularly beneficial for related fleet functions such as fuel and maintenance expenditures and even more compelling when integrating the data on a single platform. Doing so provides additional visibility, insights, and the ability to correlate the data into potential efficiencies and cost savings.

## Maintenance: stable costs, untapped opportunities

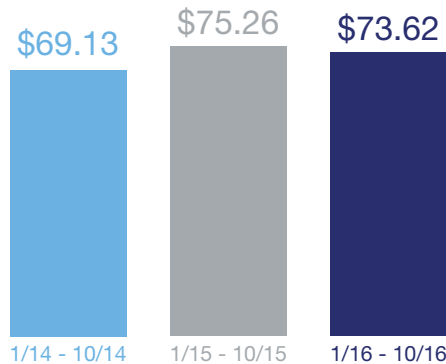
Over the past two years, fleet maintenance costs have stabilized overall, due to a combination of:

- Advanced engine design
- Added onboard vehicle technology
- Improved oil quality<sup>1</sup>

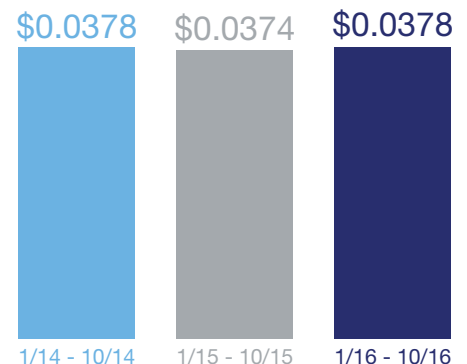
"While stabilization has helped make maintenance costs more predictable, it is also creating a perception that these stable costs can't be reduced — they are what they are," says Travis Lachinski, vice president for fleet product management for U.S. Bank. "A well-run program, which emphasizes visibility and control, can achieve cost savings year over year."

### Total Maintenance Spend

COST PER UNIT PER MONTH<sup>2</sup>



COST PER MILE<sup>2</sup>



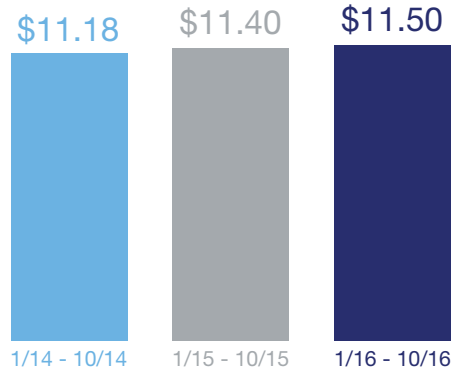
Maintenance costs per user per month decreased 2.2% from 2015 to 2016. These charts represent the average total maintenance spend per unit per month and per mile. Total maintenance costs includes: tires, maintenance repairs (unscheduled services such as brakes, suspension, engine, transmission, electrical and other) and preventive maintenance for passenger cars. Total maintenance spend does not include fuel.

Source: Automotive Fleet Research Dept.

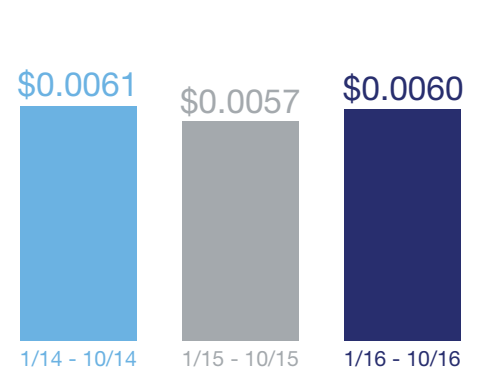
## Preventive Maintenance Cost

Integrating fuel card and maintenance functions onto a single platform, such as is available from U.S. Bank Voyager will have immediate benefits by centralizing billing, payment, data and reporting to streamline business processes.

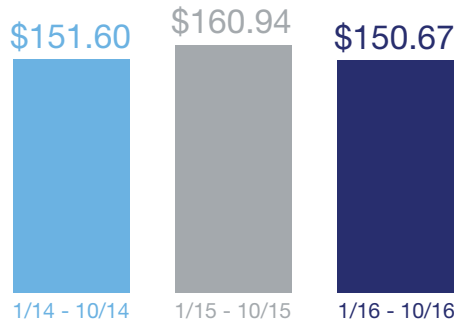
COST PER UNIT PER MONTH<sup>2</sup>



COST PER MILE<sup>2</sup>



AVERAGE COST PER TIRE<sup>3</sup>



There was no material change in preventive maintenance (PM) costs year over year during CY-2016. PM expenses were flat compared to CY-2015, primarily because of extended oil drain intervals. However, more stringent motor oil requirements by OEMs have put upward pressure on PM costs.

Source: Automotive Fleet Research Dept.



## Creating hand-in-hand data relationships

With the rise of integration, the days of separate data streams should be over. Today, single data platforms are growing in popularity for a number of reasons, including visibility into multiple streams of data at once. For truly integrated fuel and maintenance programs, the data must be tied to individual vehicles, so fleet managers can identify issues at a granular level and act.

Perhaps a more important benefit of integrated fuel and maintenance data is that it allows users to see relationships. Fuel data can point fleet managers to a potential maintenance issue that is developing. For example, frequent fill ups unrelated to long-distance travel can point to maintenance issues that should be addressed.

Integrating fuel card and maintenance functions onto a single platform, such as is available from U.S. Bank Voyager will have immediate benefits. It will likely translate into immediate cost savings, because it allows centralized billing, payment, data and reporting, helping to streamline business processes.

More broadly, the single fuel-maintenance platform allows fleet managers to react more quickly to emerging maintenance issues in individual vehicles. After realizing the immediate savings from automated workflow and approvals, the long-term benefits of fuel and maintenance data integration will begin taking effect.

“Maintenance data and fuel use data alone cannot provide the full picture. Having a single view helps organizations to proactively manage these expenses more efficiently,” observes Lachinski.

## How to slash maintenance costs

But this is just the start. A preventive approach, due to data insights, is more predictive, proactive, and less expensive than pushing vehicles and handling the issue when it becomes an expensive, catastrophic failure. Preventative maintenance also “... impacts a slew of cost categories in a typical fleet vehicle. Resale value, fuel efficiency, wear and tear — all of these send dollars down the drain, dollars that are easy to capture with some effort and timely data.”<sup>4</sup>



The top five roadside incidents: jump starts, flat tires, winch outs, lockouts, and fuel outs account for **94%** of all calls for towing.<sup>5</sup>

Over time, a strong, data-driven preventive maintenance program will open opportunities to slash maintenance costs through:

- 1. Aligning maintenance schedules to manufacturer specifications** — this not only ensures that the vehicle is being serviced properly, but the warranty is being protected.
- 2. Scheduling minor repairs** — this will make maintenance predictable both in terms of downtime and for budgeting. Minor repairs can be handled quickly and result in less unproductive downtime.

By following these two steps, fleets can avoid the five most common roadside incidents: jump starts, flat tires, winch outs, lockouts, and fuel outs. These five roadside incidents account for 94% of all calls for towing.<sup>5</sup>

“A major benefit of having a strong, integrated preventive maintenance program is that it will also help fleets stay up and running, and avoiding big-ticket repairs and lost driver productivity,” says Lachinski.

## A closer look at an integrated solution

Automation will play a significant role in leveraging integrated fuel and maintenance data. An automated maintenance program, such as the Voyager Maintenance Solution, typically allows for the ability to pre-approve services and parts purchases based on fleet-selected parameters. This simplifies the process of handling preventive and unscheduled maintenance, since the driver can simply go to a pre-approved repair shop, and have the services done and charged to the company.

A Voyager Maintenance Solution fleet customer recently experienced the benefits of pre-approvals firsthand when one of its drivers took his vehicle in for an oil change. Because the work fit the pre-approved maintenance parameters set by the fleet, the maintenance provider received automatic permission to proceed — expediting the oil change and minimizing vehicle and driver downtime. When the work was finished, it was billed automatically, simplifying payment for the driver, the fleet manager and the third-party maintenance provider.

On the flip side, unnecessary or overpriced repairs can be stopped in their tracks based on vehicle data and parts pre-approvals. Fleet management personnel will be alerted if an unnecessary or overpriced repair is attempted. While this will have the effect of saving this expense, there may be occasions when a seemingly unnecessary or overpriced repair is necessary.



## Automated maintenance program workflow



For example, it may be discovered during another routine repair that a scheduled oil change may be due in 50 miles. To save time and improve uptime, the technician recommends handling the oil change ahead of schedule. Or, conversely, to keep a necessary, moneymaking vehicle on the road, it may be determined that the quickest part option is the most expensive and not the pre-approved one, which is currently unavailable. Fleet personnel can be consulted to determine how to move forward with the repair immediately. While an automated, data-driven system will help the fleet set maintenance parameters, this same data will give the fleet the full context of the repair, allowing an informed decision to be made.

Insight into maintenance data doesn't stop at the vehicle level. Visibility across the entire fleet allows managers to monitor recurring repairs and identify potential warranty-related repairs for additional cost savings.

The insight into maintenance data doesn't stop at the vehicle level. Managers will have insight into the health of the entire fleet. Recurring repair types across the fleet can be tracked, identifying potential warranty-related repairs that won't cost the fleet any money out of pocket — but could have been an expensive maintenance headache without this visibility.



There are other related, long-term benefits to having fuel and maintenance data on a single platform. It becomes available to a wider array of stakeholders who can use it to gain deeper insights by correlating this integrated data. And integration streamlines several manual steps and eliminates the use of disparate platforms, allowing fleets to better manage their resources and reallocate staff to more strategic functions.

Beyond the enhanced data, controls, and process efficiencies, the Voyager Maintenance Solution provides centralized billing and payment for fuel and maintenance. This translates into additional administrative time savings, with payments being automated and simplified — eliminating complicated end-of-month reconciliation and multiple account payments and reimbursements to drivers.

“Our prior process was very manual and dependent on receipts to confirm the service. It took a lot of extra time to reconcile every month but now, everything is so much easier. We can see what our drivers are spending, when and where,” observes a U.S. Bank customer.

## The benefits of a single platform

Having a single platform has a number of benefits for fleets and their companies, including:

- **Access** to data by a wider array of employees, and elimination of data siloing in individual departments
- **Supports** deeper insights and better decision making because of data Integration
- **Streamlines** internal processes, increasing the ability to automate recurring functions
- **Requires** fewer personnel resources, allowing for better allocation of employees

## Entering an integrated era

In an era when fleet managers are being asked to do more with less, implementing an integrated fuel-maintenance solution is both cost effective and easy to implement.

For example, an existing Voyager Fleet Card client was able to quickly demonstrate the value of integrating the Voyager Maintenance Solution upon implementation. Fleet management personnel closely monitored the drivers, merchants, and their own experiences. As a result:

- It did not take as long for maintenance to be approved and performed — minimizing driver and vehicle downtime
- The maintenance provider was paid without having to send an invoice or process a driver's fleet card
- The fleet manager was able to streamline operational processes and received granular details about the repair itself



The conclusion was that integrating maintenance with the Voyager Fleet Card was easy and a win-win-win for everyone involved, drivers, fleet manager and maintenance providers. The fleet expanded the program to other drivers and locations, leveraging the operational efficiencies and cost savings.

Fleets that take the step now to integrate fuel management and their maintenance programs will not only likely see the immediate benefits of single-platform data integration, they may find the added advantage of being able to focus on other valuable activities and initiatives that will help keep their organizations moving forward.

[Learn more at voyager.usbank.com.](http://voyager.usbank.com)

## References

- <sup>1</sup>“Preventive Maintenance Costs Remain Flat in 2017.” Antich, Mike. *Automotive Fleet*. November 2017. [www.automotive-fleet.com/157777/preventive-maintenance-costs-remain-flat-in-2017](http://www.automotive-fleet.com/157777/preventive-maintenance-costs-remain-flat-in-2017). Accessed June 12, 2018.
- <sup>2</sup>“Maintenance Costs Remain Flat Despite Rising Labor Rates.” Antich, Mike. *Automotive Fleet*. November 2017. [www.automotive-fleet.com/157771/maintenance-costs-remain-flat-despite-rising-labor-rates](http://www.automotive-fleet.com/157771/maintenance-costs-remain-flat-despite-rising-labor-rates). Accessed June 12, 2018.
- <sup>3</sup>“Higher Commodity Prices Put Upward Pressure on Tire Costs.” Antich, Mike. *Automotive Fleet*. November 2017. [www.automotive-fleet.com/157776/higher-commodity-prices-put-upward-pressure-on-tire-costs](http://www.automotive-fleet.com/157776/higher-commodity-prices-put-upward-pressure-on-tire-costs). Accessed June 12, 2018.
- <sup>4</sup>“Eliminating Hidden and Soft Fleet Costs.” Cavalli, Bob. *Fleet Financials*. March 2018. [www.fleetfinancials.com/279709/eliminating-hidden-and-soft-fleet-costs](http://www.fleetfinancials.com/279709/eliminating-hidden-and-soft-fleet-costs). Accessed June 12, 2018.
- <sup>5</sup>“Tips to Expedite Roadside Assistance and Towing Calls.” Antich, Mike and Gandarilla, Eric. *Automotive Fleet*. June 2017. [www.automotive-fleet.com/157465/tips-to-expedite-roadside-assistance-and-towing-calls](http://www.automotive-fleet.com/157465/tips-to-expedite-roadside-assistance-and-towing-calls). Accessed June 12, 2018.

