

Client: Bynx

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## ***Total Cost of Ownership in Fleet Management***

### ***It matters.....but it doesn't have to be complex***

The latest research, published in various fleet news magazines recently, highlights that only one in ten companies (11 per cent) take total cost of ownership (TCO) into account when procuring fleet vehicles.

This is surprising and suggests that many are incurring unnecessary fleet costs.

Purchase price or lease cost is ranked as the biggest consideration in the selection of a vehicle, reliability comes next. But what about depreciation, insurance and running costs (fuel, tyres and so on)?

### **Don't mistake a cheap car for a cheap car**

There's a whole raft of in-life costs that aren't obvious in the early days that can turn what looks like a bargain at acquisition into a gas-guzzling, tyre wearing, expensive-to-insure and rapidly depreciating nightmare.

The problem is though that a lot of fleet managers don't look at TCO (total cost of ownership) because it's too complicated and time consuming - at least that's the perceived thinking.

Even more surprising is the fact that many businesses that lease vehicles do so from a single supplier thus negating any opportunity for competitive procurement.

It's easy to understand why fleet managers find managing TCO or even just looking at it a strain. They already have enough on their plates given that their roles have evolved significantly over the last decade. But managing TCO is easier these days; products like bynxFLEET have the capability and functionality to do so designed into their DNA. The product handles all the processes, transactions and alerts concerning every financial and operational element of the vehicle lifecycle - from licensing, fuel, tyres, maintenance and a host of other aspects.

There are many things that can be done to reduce in-life costs - such as purchasing more fuel efficient vehicles that may also come with associated tax breaks in certain countries, optimising journey plans and implementing driver training. However, without the right management tools these initiatives are unlikely to deliver true value. With the right management platform, the fleet can be optimized for efficiency and cost control.

For the purposes of this blog, we have focused on the three primary TCO management initiatives in which a good fleet management platform will yield significant benefits:

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## 1) Competitive procurement

Securing a vehicle with the right specification, at the best price, in the right location and ensuring it is delivered on time will increase profits and client satisfaction. Being able to invite tenders from more than one supplier will also make procurement more competitive.

A fleet management platform that automatically populates the system with data directly from the quotation acceptance process will speed it up. bynxFLEET does this while generating vehicle orders and sending them to the chosen supplier. The system should will record all discounts and bonuses and track agreements with manufacturers. It should easily managed third part contracts for when vehicles are purchased from one vendor and accessories from another and allow you to log goods received (without having to rekey data). If it contains an industry standard communications element for keeping all stakeholders informed, so much the better. This will all help make the procurement process a positive one.

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## 2) Managing SMR (service, maintenance and repair)

Effectively managing SMR is where resales values can be controlled. Firstly, you need to define supplier profiles and hold details of agreed service rates and service location capabilities. With the right management system you can also authorise online requests for repair and maintenance work from contracted suppliers. Issuing maintenance authorisations for different categories of task: standard repairs, warranty repairs, goodwill and recharge repairs will help with financial management. bynxFLEET will track industry standard (or company-specific) repair codes alongside repair schedules and charges and this keeps phantom repair jobs or unauthorised repairs to a minimum.

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## 3) Taking care of running costs (inc fuel costs, tyres)

The right fleet management system will support you in adhering to duty of care in terms of checking and managing vehicle licences. It will reduced the workload and complexities involved as well as monitor and track all aspects of the vehicle licence process and recharge the necessary parties. bynxFLEET can do this internationally. Fuel management, including fuel card and transactions, can be handled centrally, which helps with the monitoring and tracking of fuel costs. Tyre management, including tracking and replacement of worn or damaged tyres, will keep drivers and vehicles safe and your fleet business legally compliant. bynxFLEET can enable you to control tyre replacement, tread readings and general tyre care.

The three areas above have the greatest bearing on TCO but they are also where fleet management systems deliver huge advantages. Additionally, a fleet management system gives you the tools, dashboards and functionality to identify areas where improvements can be made and what their impact will be.

If you'd like to know more about TCO and how you could benefit from reducing your own fleet in-life costs, get in touch.