

The Fleet Spot

Significant Industry News & Developments for the Management of an Automotive Fleet

Interview with Anthony Del Guercio

July 29, 2010

Tell us what sets you apart from the competition

As corny as it might sound, we are large enough to service the business' needs but small enough to care about them. We really focus on personalizing and tailoring solutions to fit our particular customers' needs. A good example of that might be a local public utility that we are doing business with in Michigan; they were able to tell us about how their fuel savings to date have been hundreds of thousands of dollars. By customizing the reporting solutions for them, they've been able to have a greater exposure to that type of savings. The next facet of what they are looking to accomplish is to get a little bit better with their fleet utilization; maybe not require as many vehicles as they have in service, which is another huge cost savings for them. As we develop relationships with our clients, we really help them better manage their business.

Let's assume that someone isn't conversant with telematics solutions; how does it work?

The technology has advanced to the point where we can have these units installed covertly. There is no exposure to the outside. You can't physically see if a truck is equipped with a device. All of the wiring and all of the antennas are self-contained. We install these, embed them if you will, into the vehicles and they collect data every second that the vehicles are operating.

A host of information is transmitted to the customer, but the important part is how you present that data to the end user; the fleet managers themselves. Because whether it is mileage, location reports or idle times - which is a huge, huge problem with a lot of these larger customers - the customers need to better manage their employees. Then "Behavior Modification" takes place.

Once they are being monitored, the driver behavior tends to change and they become more productive employees, which is a big savings again for the companies.

Let's talk about driver behavior; what are the common abuses you see? Also, are there any issues from a privacy standpoint?

Personal time is the biggest issue. Especially with the larger fleet customers, it is just the nature of the business that they allow



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their employees to take the vehicles home with them. Scheduling purposes dictate that kind of behavior and so we do something called center reporting which is essentially knowing when the vehicles are supposed to be operating - and more importantly, when they are not supposed to be operating - and then providing that information back to the end user so they can act accordingly. Again, you are modifying what is going on and correcting the behavior that is unwarranted and shouldn't be taking place.

Yes, "Big Brother watching" was a big concern, - and this is the customization and the human element of our business that we bring to the table - we actually help the business owners design programs that really reward productive behavior. Without the technology to monitor that behavior there is really no way to reward it, if you follow that thought process. We actually get involved with the coaching of those conversations to have with the employees and we've actually had conversations with the employees on behalf of the company.

Again, the initial concern is, "do you trust me and if so, why do you need to monitor me?" It is really not about monitoring, it is about safety; some of the areas where they go, there is concern for personal safety. In the event of something unfortunate happening, without the technology to either prevent or rescue a situation, you don't have any exposure to where the drivers are. And in this economic time, it's also about helping a company remain viable and profitable. It is almost their responsibility as an employee to get involved in any aspect that they can. Their part is to go along with the concept of monitoring the vehicles, monitoring the fuel usage, monitoring unnecessary driving routes and things of that nature. At the end of the day, the company becomes stronger.

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Let's go to fuel usage; what sorts of savings have you seen?

The biggest misuse of fuel is idle times. Essentially the vehicle is running and not moving - not going anywhere - which is different than being stuck in traffic. We all deal with it in the metropolitan areas; traffic is a necessary evil. But a driver making a stop and leaving the vehicle running when it doesn't need to be is a very wasteful practice. In the past, without this technology, no one had exposure to it. You just said okay, we know how much fuel costs and it is what it is. It is part of the nature of the business. We have to operate so we expect the fuel costs.

One of our customers had an annual fuel bill of 13 million dollars. Their fuel bill at this point is trending to about 10 million. Some vehicles used to be started in the morning before the drivers came in and then kept running until they left the facility, and some didn't even leave the facility that day and were still running, and five or six hours could have gone by before someone realized they had a truck running - or two - or three - or four. With SkyGuard, a minute into that (or two minutes into that or whatever interval you choose), you receive an alert to that event. You say, okay, that truck shouldn't be running, go ahead and turn it off. It is common sense but it wasn't being conducted.

If you are able to save 20 or 30 gallons of fuel per vehicle in your fleet per month, that could be the difference between a company showing a profit or not. For some companies, the second largest expense as a business is their fuel costs.

What would be the objection to having a telematics solution like yours?

The challenge that we are facing is how to make it financially feasible for the business owner. We've taken steps to do that. I think any advances in technology are good when used the proper way. And it has to transition from a product that "would be nice to

have but I can operate my business pretty efficiently without it," to where once they adopt the technology they realize that, "Geez, I don't know how I operated my business without this exposure to what my vehicles are doing." We see that transitioning happening. It usually only takes a few weeks after they've used the system to realize the benefits.

Where do you see the technology going?

One of the products that we are launching at the show [NAFA I&E] this week is integration with navigation devices. You have devices that show you where the vehicles are and the historical information of where they were and what trips or roads they took. But now you want to get into dispatching more efficiently.

You talk about route deviation - a lot of the customers that we do business with are recyclers. They have to, by law, stay on certain roads. It is a big concern if they deviate from those roads. The townships don't want them traveling through their town for whatever reason; hazardous spills, you name it. Following guidelines, and being able to prove or disprove that you were following the guidelines, is very important. When you integrate with a navigation device, you are able to get that additional layer of information. If there is a specific route you want the driver to take - the big concern now is commercial vehicles on non-commercial use roads - the devices that we use have that capacity to route on commercial roads only so that is important.

There was a case in upstate New York where there was a severe accident with a truck involved and the excuse was, "That was the way my navigation device routed me so that is the way I went," even though it was a non-commercial road. It is a very litigious society so there is a case; there is an argument to be made there. We make sure that when we are using a navigation solution we are using one that is really designed for commercial use.