

Sustainable Fleet Management around the World...

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At the Global Fleet Conference in Lisbon on 2-4 May this year, three sector experts from Europe, North America and Japan came together to discuss opportunities and challenges around sustainable fleet management in their respective regions. Thierry Faure, (Head of Sales & Client Relations International Key Accounts at ALD Automotive), Laura Jozwiak (Senior Vice President, Sales and Client Relations at Wheels Donlen) and Koichi Inoue (Executive Officer, Mitsubishi Auto Leasing Corporation) represent three companies which have teamed up to form a global alliance and provide thought leadership in a fast-developing space. On this occasion they joined forces to deliver valuable insights into keeping TCO on track, against a background of skyrocketing energy prices. Here we summarise the main points of their presentation.

• Europe

The main takeaway from Thierry Faure's presentation was on how TCO considerations extend way beyond the question of monthly rent, although there has been a tendency on the part of some clients to equate the two. Perhaps it's the "O" as in "Ownership" that gives rise to this misleading impression. In fact, rent can often account for less than 50% of TCO. When it comes to ICE vehicles, for example, registration and

road taxes can represent up to 40% of TCO, although this can fall as low as 5% for EVs. As energy costs constitute an ever-increasing proportion they must be monitored and managed tightly to avoid TCO getting out of control.

Particularly perhaps in the current global climate, for two main reasons: 1) industrial input costs – especially nickel and other non-ferrous metals used in batteries – are rising sharply; and 2) fuel, which was always the second largest element in the TCO pie chart, is even more so now. Oil prices have hit USD 100 a barrel and show no signs of falling, while fuel prices have increased by over 50 cents a litre. Add to this current volatility in electricity costs – clearly a vital element in EVs – with prices which can multiply sixfold at fast chargers, over office or home chargers. In such a context, data management, with data points on charging, driver behaviour, consumption and fuel mix for example, is more essential than ever.

More broadly speaking, orienting your car policy more towards BEV is a wise choice against such a backdrop. In comparative economic situations, the parity that once reigned between ICE and BEV is markedly shifting towards a clear benefit for the latter, as even though the conflict in Ukraine is also affecting electricity prices, the impact on fuel prices is much more striking. Clearly a catalyst for change. PHEV can be a good interim solution only if the usage is urban with a few medium range trips to maximize mileage run on battery mix and limit high CO2 and high fuel cost when running on combustion engine.

In current high energy cost environment ALD advises to update car policies by including hard limits on private mileage or fuel cap, monitor driver behaviours. To that effect data and reporting are needed, beyond the data supply which many providers do offer what matters is the analytics to assist fleet managers in detecting for example situations of excess mileage on fuel for a PHEV driver, wrong charging behaviours of BEV drivers who over-use costly public charging and do not charge enough at home or at work. There are many more situations where ALD consultancy team can help clients keep their energy costs under control by providing intelligent data analytics.

• **North America**

Financial incentives towards electrification are driving the market in North America. However, the federal tax credits are geared more to the consumer versus fleet and have limits per OEM. There are improvements in enhanced technology, and significant growth in available OEM EV lineups. The judicious use of tools such as planning TCO, driver performance assessment surveys, and vehicle, range and infrastructure assessment can all form part of a transition.

The same benefits apply in North America as in Europe and Japan – including the opportunity to slash emissions with vehicle electrification. Strategies for transition have been mapped out and end-to-end solutions put together – and the potential drop in CO2 emissions is massive, at nearly 50%.

Still, certain challenges persist in North America. Demand is there, especially in forward-thinking cities along both the Atlantic and Pacific coasts, but the offer available from OEMs has plenty of potential to grow. Moreover, the infrastructure across the nation requires significant boosting.

Perhaps the biggest hurdle, however, lies in shifting the national mindset, especially within the USA, where the notion of vehicle ownership is intimately bound up with freedom, large vehicles, the open road, and long-distance journeys, which in other countries would be made by train or plane. Nevertheless, as charging stations begin to multiply, and electric mobility begins to seem more accessible and far less time-consuming, customer behavioural shifts can be expected.

Change is certainly possible. Companies such as Tesla have already made the proposition of transition more attractive. Oil companies have seen the future and are also onboard. And in terms of fleet management, Wheels Donlen and ALD Automotive offer a range of strategies to help manage electricity prices, from adapting driver charging and usage behaviours to monitoring costs at both home and depot, to issuing spending limit warnings. Such driver management solutions can generate data to compare vehicles in terms of performance, range and payload impact, thus helping clients make informed choices and enjoy full visibility and control over costs.

Put together, these offerings and strategies point to a market characterised by steady growth in the decade ahead and beyond.

- **Japan**

The key difference in the Japanese market, when compared to its European and North American counterparts, lies in the current dominance of mixed power train hybrid vehicles, led by major players such as Toyota. However, a broad shift is envisaged over the next decade, from the existing blend of ICE and HV, towards more HV and PHEV and BEV, and ultimately a predominance of BEV, with cars such as the Nissan Leaf leading the way.

Once again the transition, carefully guided by Mitsubishi Auto Leasing Corporation (MAL), will involve analysis of factors such as electrification capability and mileage, to make recommendations and steer implementation, driver training and charging solutions. MAL's EV capability offers core services such as subsidy management, EV dedicated customer support, charging cards and fleet management reports, along with specialised CO2 emission reports, renewable energy charging and business continuity plans.

It's clear that despite their different contexts, all three regions are pulling in the same direction, and the global alliance formed by ALD Automotive, Wheels Donlen and MAL constitutes a powerful force, helping fleets throughout the world make a transition that's more necessary than ever.