MiX Telematics white paper

US fleet survey on **ELD compliance**

2019

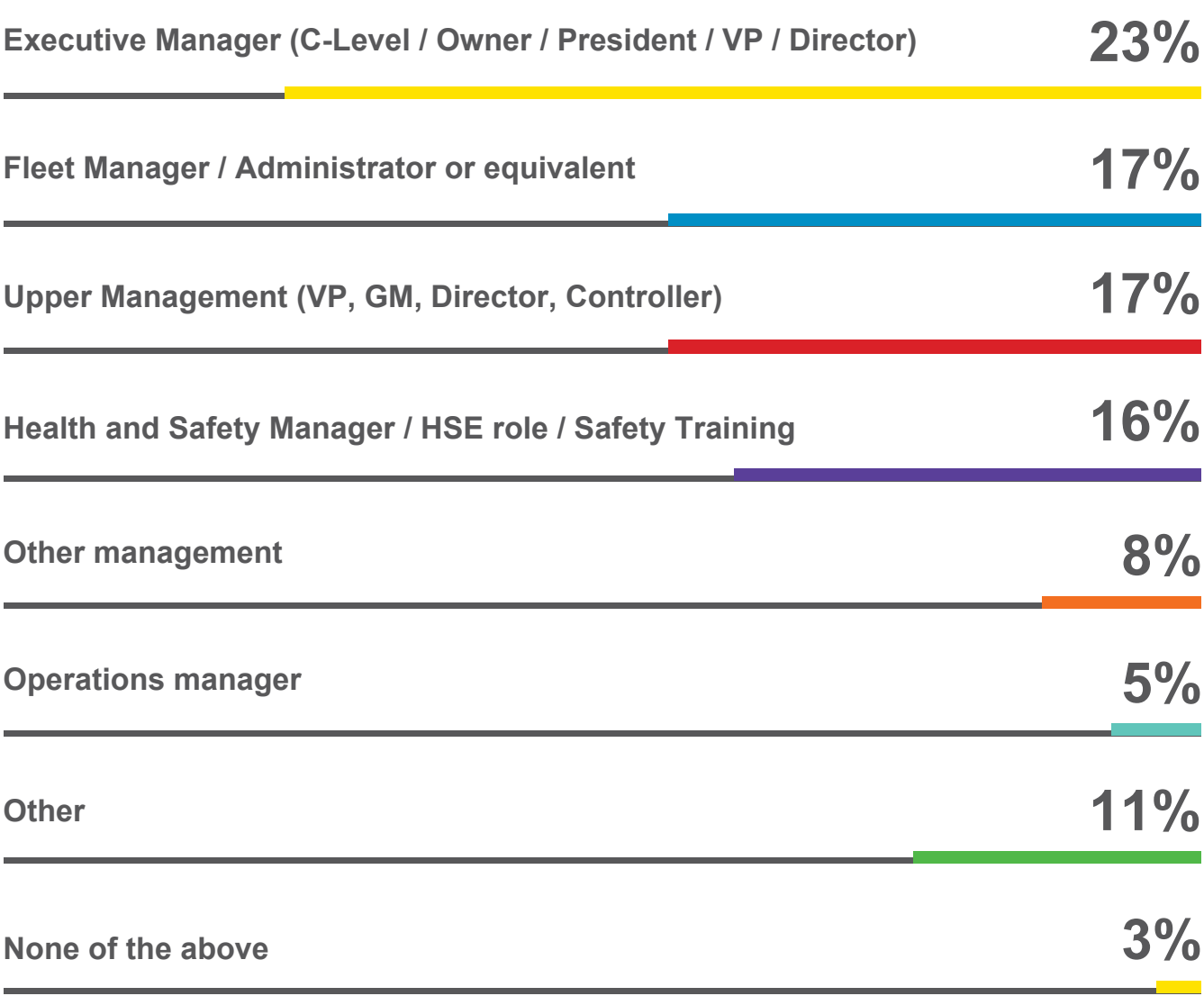
MiX TELEMATICS

MiX Telematics, leading provider of fleet and mobile asset solutions, tasked Bobit Research Services with surveying US fleet professionals on ELD compliance. Bobit sent out a survey for this purpose during the month of April 2019 and 194 individuals responded. Of these responses, 172 were complete and 23 were partially completed.

The main objective of this research was to better understand aspects of ELD compliance within US fleets and how the data collected by ELD solutions are being utilized (if at all). Some of the topics mentioned in the survey include ELD implementation, progress on meeting the ELD mandate deadline, the types of data being collected through ELD solutions, how that data is being used, and potential return on ELD investments.

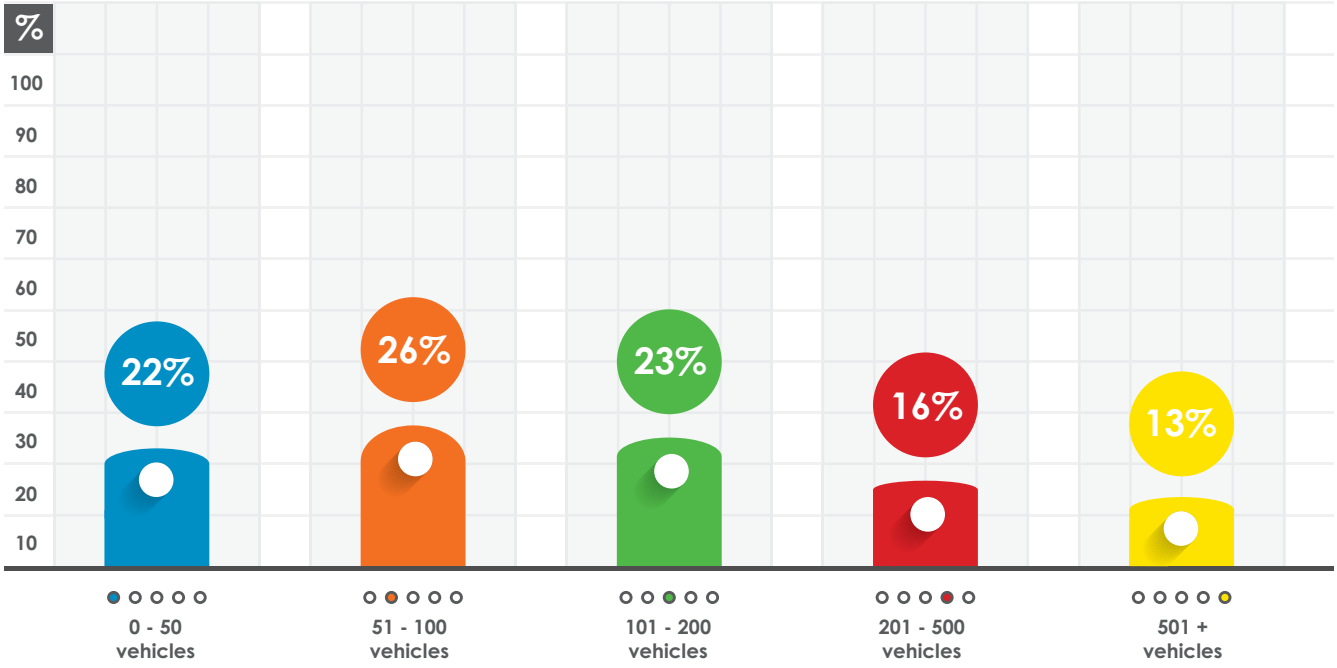
The majority (99%) of the fleet professionals surveyed are headquartered in the United States. 23% currently hold an executive manager position. This job role includes owners, presidents, VPs and directors. Fleet managers or administrators and upper management were tied as the second-most surveyed (17% each). A close third were those occupying an HSE-related role.

Job Roles:



The majority of surveyed companies have between 51 and 100 vehicles. 23% have between 101 and 200 vehicles and 22% manage less than 50 vehicles. Nearly all of the fleet professionals surveyed had Class 8 vehicles in their fleet.

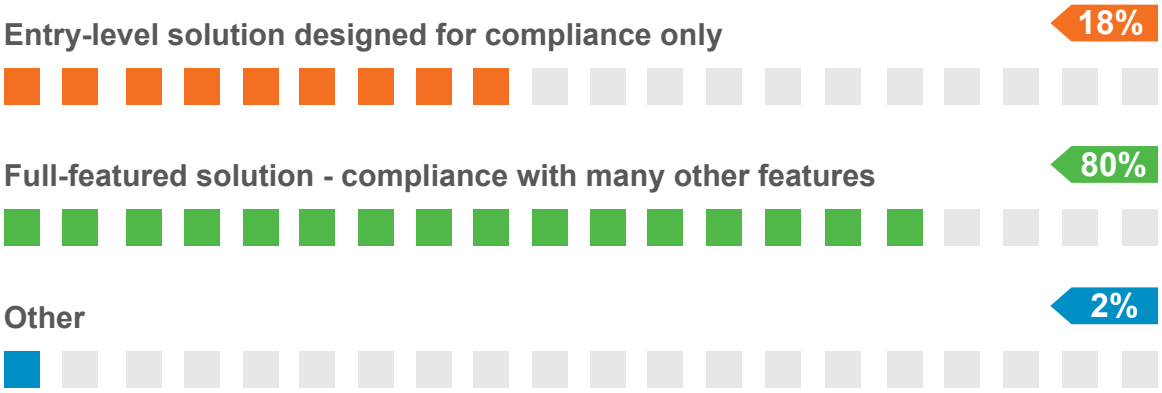
Fleet Size:



Classes of vehicles:

Class 1 or 2: 10,000 lbs. or less	14%
Class 3/4/5/6: 10,001 - 25,000 lbs.	24%
Class 7: 25,001 - 33,000 lbs.	29%
Class 8: 33,001 lbs. or more	94%
Don't know	3%

- Three-fourths of companies surveyed have already implemented an ELD solution in compliance with the ELD mandate. Among those who have implemented:
    - Four-fifths consider their ELD solution to be full-featured, offering compliance alongside many other features.



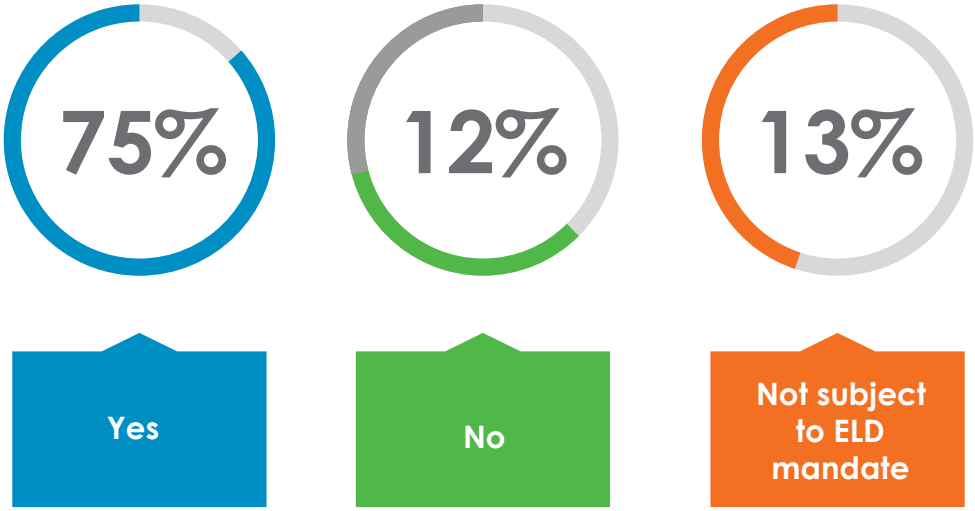
- Nearly two-thirds of fleet professionals said their company has had an ELD solution in place since 2017.
- One-fourth of companies surveyed have not implemented an ELD solution.
    - Among the 12% who have not yet implemented, three-fourths plan to do so by December 2019.
    - The remaining 13% who have not implemented are not subject to the ELD mandate.
- 88% of the companies surveyed were using the data collected.
- If a company was not using the data, lack of time or perceived value were mentioned as reasons why.
- Nearly all fleet professionals who were collecting data, were using their ELD solution to collect HOS (Hours of Service) data. Fewer focused on data relating to vehicle location, vehicle mileage and vehicle speed statistics.
- Types of data and the percentage of fleet professionals that find it extremely valuable:
    - Hours of Service (HOS): 76%
    - Safety incidents (such as hard cornering): 64%
    - Vehicle location: 63%
    - Vehicle speed: 54%
    - Vehicle mileage: 51%
    - Fuel economy: 44%
    - Vehicle status: 43%
    - Vehicle idle time: 41%
- 55% expected the safety and efficiency gains to lead to positive ROI, while 45% were uncertain or did not agree. Read on for more in-depth detail on these findings.

The deadline for the second phase of the ELD mandate roll-out is December 16, 2019. By then, commercial motor vehicle carriers operating across state lines or drivers that maintain 8 or more days' worth of duty status logs (out of 30 days total) must comply. This compliance means using an ELD (electronic logging device) that is self-certified and registered with the FMCSA to monitor and store data relating to driver hours.

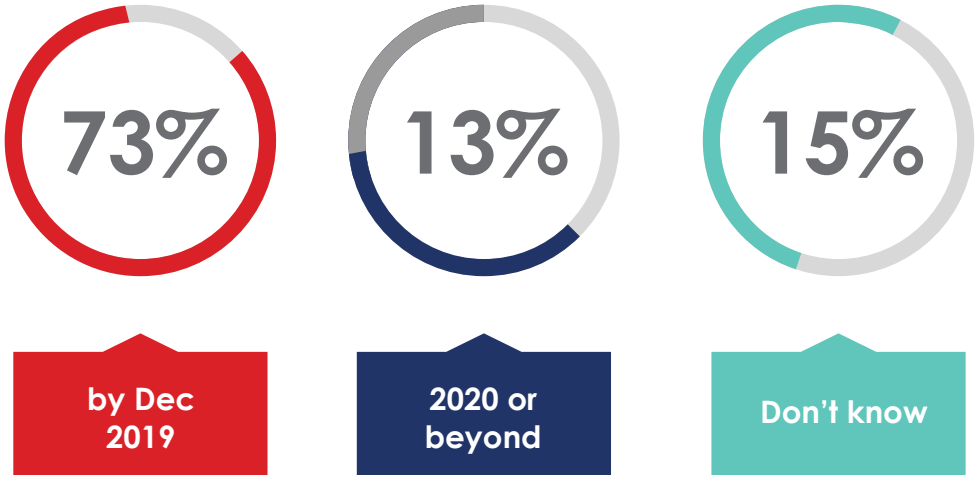
This ELD has to meet certain technical, performance and design standards as set out by the FMCSA.

Of the companies surveyed, three-fourths have already complied with the ELD mandate while 12% have not (the remaining 13% are not subject to the ELD mandate). The majority of those who have not yet complied, plan to do so by December 2019 while, worryingly, 15% don't know if they will at all.

Companies who have complied with the ELD solution:

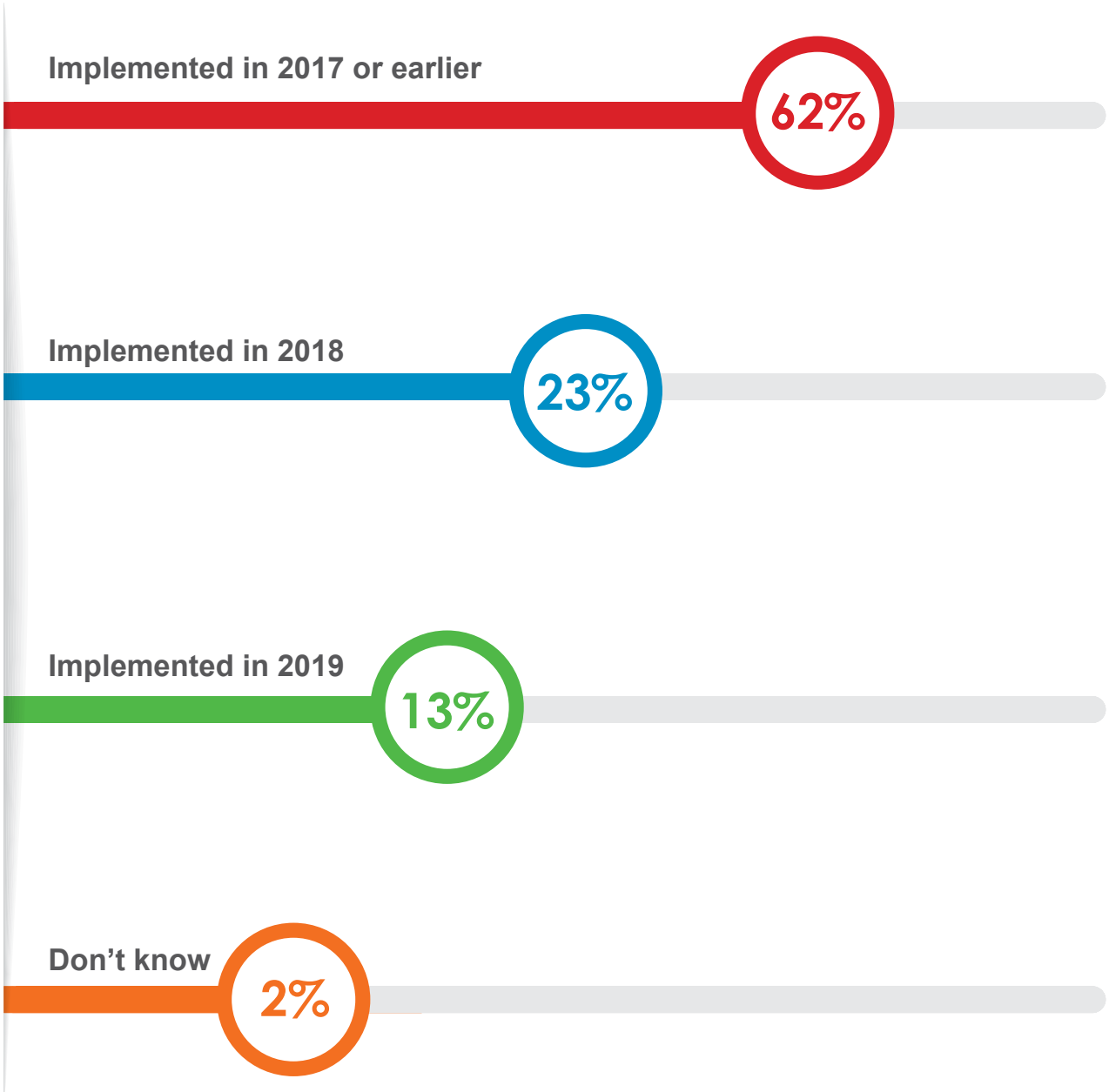


Those who plan to be compliant by December 2019:



Of those who are already compliant, 62% implemented their ELD solution in 2017 or earlier. About 13% implemented in 2019.

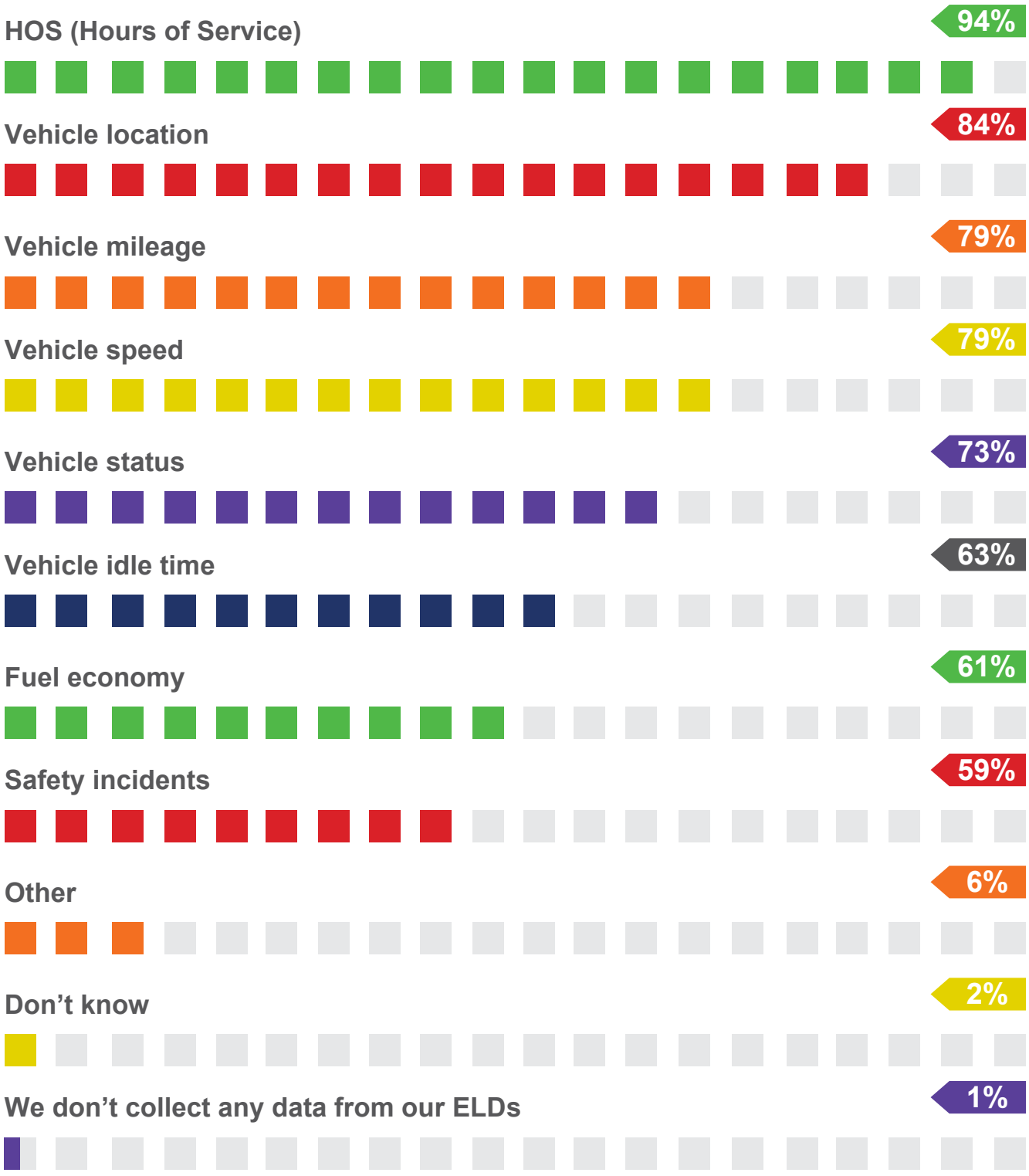
Period in which ELD has been in place:



18% of the fleet professionals surveyed described their ELD solution as entry-level only. This means that the solution has been designed to only achieve and maintain compliance. Approximately 80% chose a full-featured ELD solution. This is good news as they recognize that these types of solutions not only make them more compliant but can also help them to improve safety and efficiency. These solutions do this by monitoring unsafe driving behaviors (such as speeding), eliminating watefulness of paper logs, tracking fuel consumption, optimizing asset utilization and monitoring engine diagnostics for improved preventive maintenance.

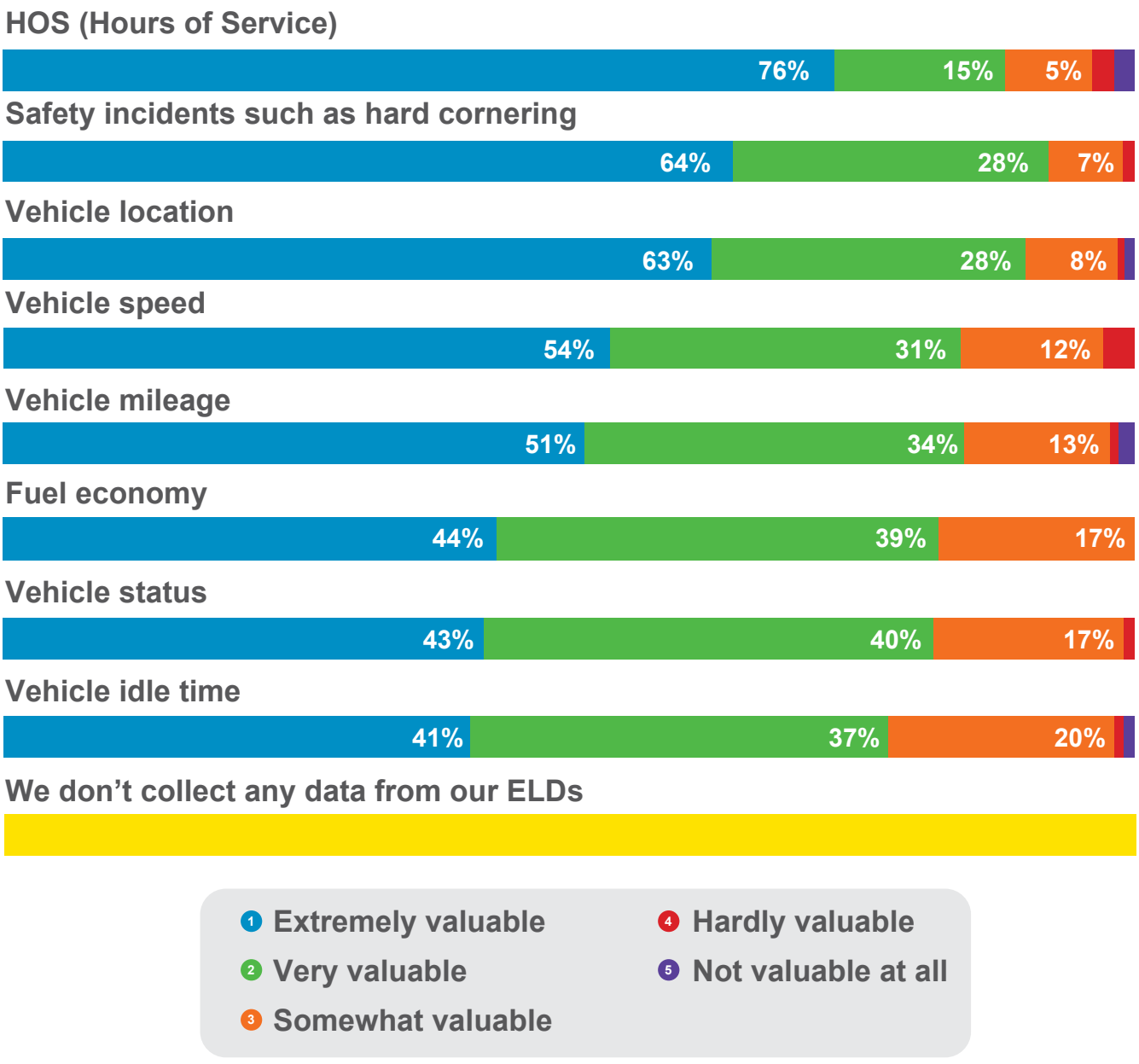
It makes sense that Hours of Service (HOS) tops the list of data types that fleet managers are collecting with their ELD solutions. However, with so many fleets choosing to go the full-featured route, there is a large amount of additional safety and efficiency data being collected.

Data types collected:



Hours of Service (HOS) data was ranked as one of the types that surveyed companies placed the most value on. A close second was safety incidents (such as hard cornering or harsh braking) and next was vehicle location/tracking.

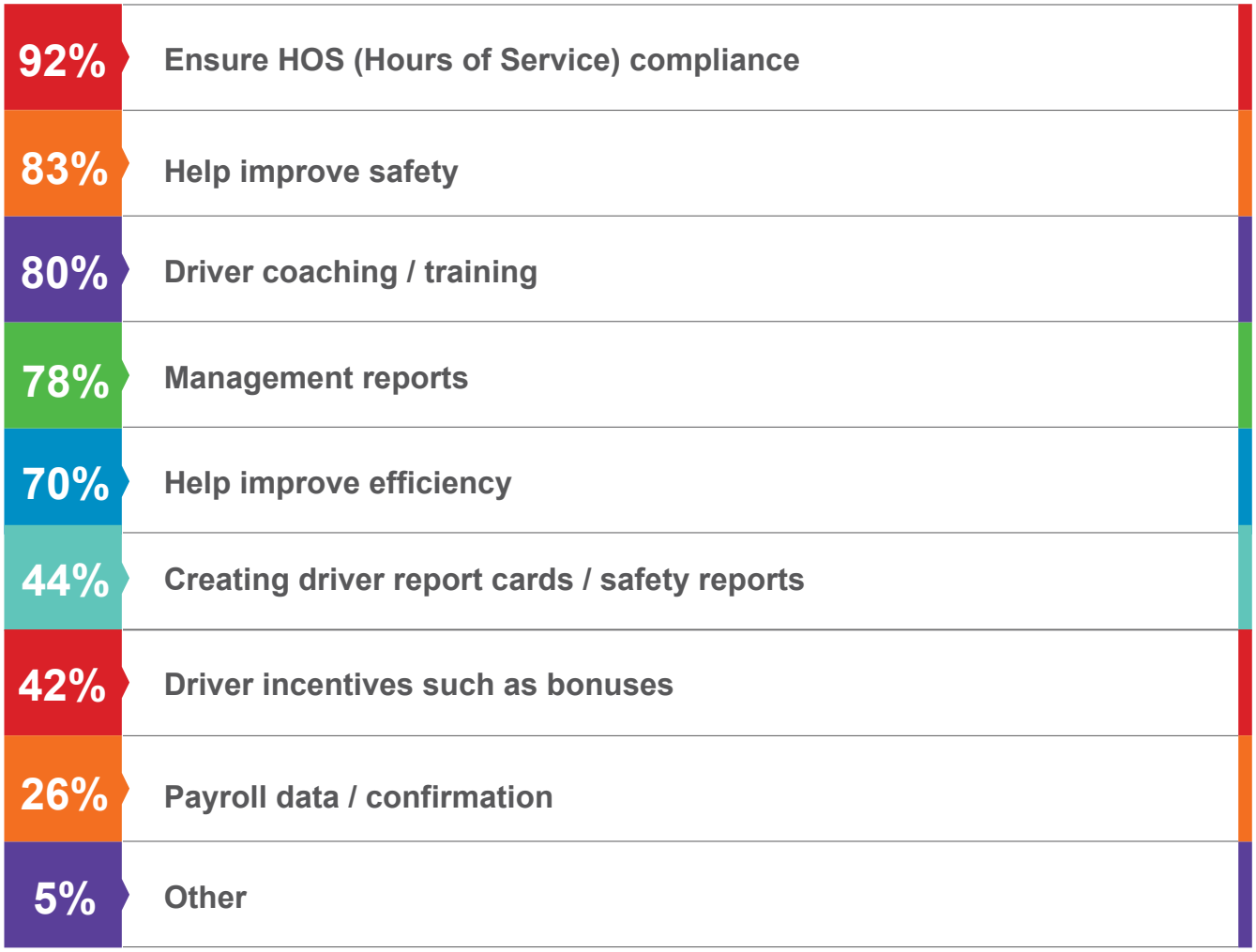
Valued data:



An overwhelming 88% replied “yes” to being asked whether they actually use the data they collect – with HOS compliance being the main use and safety or driver training being the second. Those who do not use the data, cited two main reasons for not doing so. They either say they don’t have time or don’t believe it will be useful to do so.

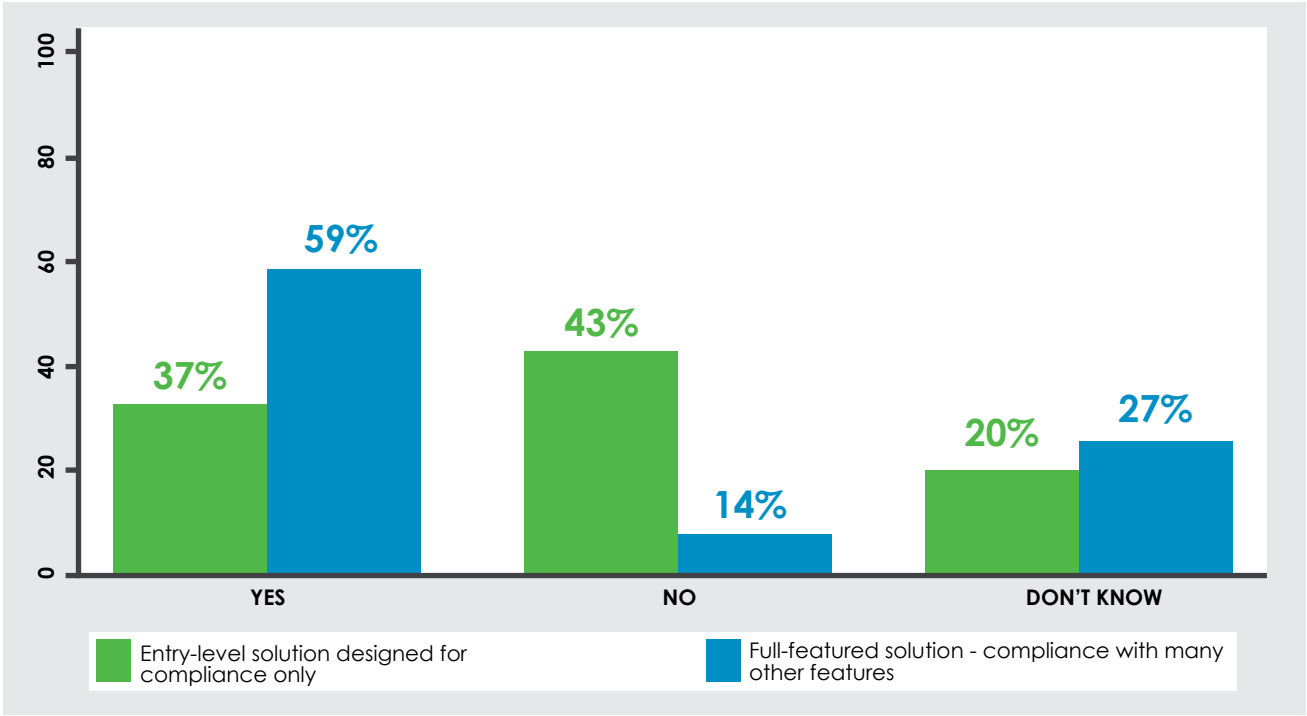
So, how are companies using the data that’s collected? The majority of fleets use it to ensure compliance with HOS rules, which is expected. This data is, however, also being used to improve fleet safety, generate management reports, create coaching or training opportunities, improve fleet efficiency, offer performance-based driver incentives and so on.

How fleets use the data they collect:



The companies were also surveyed about return on investment (ROI). Many may see an ELD solution as a grudge purchase (some of those surveyed mentioned that they wish they didn’t need it) but with so many solutions available that go beyond simple compliance, it is likely that safety and efficiency gains can be achieved.

ROI expectation: Full-featured vs entry-level ELD solutions:



Fleets with full-featured ELD solutions were more likely to anticipate positive ROI

Overall, 55% of companies anticipated achieving a positive ROI in 2019 while 19% did not and 26% were unsure. Seen through the lens of full-featured versus entry-level however, 59% of companies implementing full-featured ELD solutions expected a positive ROI due to safety and efficiency gains, while only 37% implementing an entry-level ELD solution agreed. This makes sense, as entry-level systems are mainly a cost center whereas full-featured systems can pay for themselves. But done right, close to 100 percent of full-featured solutions should achieve ROI. The relatively low expectations seen in the survey demonstrate that fleets can and should do more to leverage the data they are collecting to ensure they achieve ROI on their ELD solutions.

All of the participants were asked to provide comments about the potential for achieving a positive ROI (or not) on their ELD investment and the answers varied widely.

There were some negative comments about the need for an ELD solution in the first place. Quite a few didn't see the benefit of being compliant at all and were simply doing it in an effort to avoid the fines that come from non-compliance. This viewpoint may be due to a lack of education around why the ELD mandate was created in the first place (fatigue management and the safety of drivers). It is ultimately up to the companies to read up on this and pass that knowledge on to their drivers.

Some other not-so-positive views include ELDs not yet working as they should (such as not being able to pick up a signal in certain locations), driver pushback that hinders buy-in and data collection, and the feeling that drivers are racing against the clock (which could potentially lead to speeding and even crashes).

On the other end of the spectrum, there are companies that have recognized the benefits that ELD data can bring and put it to good use. Some examples include using engine diagnostic data to implement preventive maintenance, reassessing what KPI metrics are most important to help improve the safety of drivers, identifying areas of waste, and monitoring safety-related incidents more closely (which, in time, will reduce insurance- and crash-related costs).

As one of the commentors rightly pointed out, an ELD solution is merely a tool. An ELD can provide a myriad of benefits aside from complying with the mandate. Let's look at a few of these:

- Automates data capture.
- Eliminates of errors caused by the manual data processing and paper logs.
- Helps with IFTA compliance and fuel tax reporting.
- Reduces risk of getting fines which, in turn, improves CSA score (aimed at identifying high-risk motor carriers and drivers.
- Tracks unsafe driver behaviors (such as rapid acceleration, harsh braking and speeding) to reduce crashes and insurance fees.
- Creates opportunity for driver coaching with scorecards.
- Eliminates paper usage which could save your fleet thousands a year.
- Saves time on reporting with the help of data integration.
- Increases fuel economy with driver behavior monitoring.
- Optimizes asset utilization.
- Reduces maintenance costs due better driving styles that lessen wear and tear.

All of the above can be achieved by simply utilizing a full-featured ELD solution. Research done by MiX Telematics has proven that the ROI for a typical 100-vehicle fleet (with a driver wage of $30 per hour) can look like this:

CATEGORY	SAVINGS
Compliance	$65
Efficiency	$56
Safety	$78
Less Cost of System	($65)
Net ROI, Monthly	**$134**

To receive tangible safety and efficiency benefits as well as a positive ROI from an ELD solution, it's essential to take the full-featured route and go beyond basic compliance. Ultimately it is up to the fleet managers and drivers to properly monitor and manage the data it produces, and subsequently take appropriate action.

About MiX Telematics

MiX Telematics is a leading global provider of fleet and mobile asset management solutions delivered as SaaS to more than 750,000 subscribers in over 120 countries. The company's products and services provide enterprise fleets, small fleets and consumers with solutions for efficiency, safety, compliance and security. MiX Telematics was founded in 1996, has a number of offices globally as well as a network of more than 130 fleet partners worldwide. Shares are publicly traded on the Johannesburg Stock Exchange (JSE: MIX) and on the New York Stock Exchange (NYSE: MIXT).

About Bobit Business Media

Business Media is a family-run media powerhouse based in the United States. It was founded in 1961 with the launch of their flagship publication, Automotive Fleet. The company currently produces 23 print titles, 42 websites, 24 e-newsletters and 20 in-person events that aim to meet specific markets' need for knowledge, news and networking. Bobit Business Media employs more than 170 talented associates in areas such as editorial, audience marketing, ad sales, production, digital media, accounting, events and research.

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