

Risk Insights

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The Benefits of Telematics for Commercial Fleets

Managing a fleet and drivers can be a challenge, particularly given the potential for accidents, employee injuries, liability concerns and increased costs associated with vehicle upkeep. Nevertheless, your fleet—whether it be a handful of cars or dozens of commercial vehicles—plays a major role in the success of your organization. As such, it's crucial to take a proactive approach to fleet management. To help accomplish this, many businesses have started to equip vehicles with devices known as telematics. These devices can help reduce numerous fleet risks, improve efficiency and promote safe driving behaviors. This Risk Insights provides an overview of telematics and the benefits that this technology can provide for your organization. For detailed information on the telematics solutions available to your fleet, contact us today.

The Basics of Telematics

Telematics is a form of vehicle software that combines the features of telecommunications and informatics to help employers effectively manage and monitor their fleet. This software operates by connecting to telematics devices installed in a vehicle, including GPS technology, sensors, mobile applications, dashcams and vehicle engine diagnostics solutions. Common data collected by vehicle telematics software includes:

- Vehicle speeds
- Vehicle locations
- Diagnostics data related to fuel efficiency and vehicle performance
- Driving behaviors (e.g., braking intensity or acceleration frequency)
- Vehicle weights
- Movement patterns of a vehicle
- Distracted driving incidents (e.g., smartphone usage)

Telematics can be used in a variety of different commercial vehicles, including cars, cargo vans, tractor-trailers, buses and heavy equipment. Many employers use this technology to monitor vehicle deliveries, determine routes, communicate with drivers, review employee driving practices and detect vehicle maintenance concerns.

Why Your Fleet Needs Telematics

Utilizing telematics software can benefit your fleet by:

- **Reducing operational costs**—Telematics software can help keep drivers updated on upcoming traffic concerns or road hazards, offer rerouting options and locate preferred gas stations—all of which can contribute to maximum fuel efficiency and lowered operational costs.
- **Encouraging safe driving**—Because telematics software detects driving behavior, employees will be even more motivated to follow safe driving practices and meet organizational standards. In addition, this technology allows employees to better monitor their individual driving habits and detect flaws that they might not have realized otherwise. In some cases, employers can send immediate in-cab alerts to correct dangerous behaviors in real time. What's more, fleet managers can use the data that telematics collects to personalize driver coaching, helping employees actively address potentially dangerous driving behavior.

- **Fostering employee engagement**—Drivers spend the majority of their workday confined to a vehicle with minimal communication opportunities, which can be harmful to both their physical and mental health. By implementing telematics software in your fleet, drivers will have an increased ability to digitally communicate and interact with others (e.g. their supervisor, co-workers and dispatchers) regarding travel progress, road conditions, delivery requests or vehicle concerns.
- **Bolstering fleet security**—Due to advanced tracking and communication features, telematics software can also help keep your fleet safe and secure in an emergency. For example, you can utilize telematics tracking to detect the location and route of any stolen vehicles—thus simplifying the vehicle recovery process. What’s more, many forms of telematics software allow you to implement advanced security features in each vehicle, such as requiring the driver to enter a passcode before driving to reduce the risk of theft altogether. Apart from preventing theft, telematics software can also help drivers quickly alert the proper authorities and share their exact location in the event of an accident on the road.
- **Ensuring vehicle maintenance**—Telematics software is able to detect a wide range of vehicle breakdown or maintenance problems, such as engine issues or diagnostic concerns. From there, this technology is able to inform the driver of the problem and locate the nearest repair center or garage. Also, telematics software can be programmed to inform drivers of routine maintenance requirements, such as an oil change or tire pressure check. Many employers pair telematics with a preventive maintenance program to streamline the upkeep of the fleet.
- **Reducing administrative costs**—Telematics allows employers to digitize records that would otherwise have to be maintained manually, which can be a time-consuming process. Specifically, through telematics, employers can generate reports regarding expenses, driver performance, maintenance and fuel expenses, thus simplifying a business’s recordkeeping practices overall.

For additional insurance and loss control guidance, contact Insurance Management Consultancy Group today.

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