



# OUTSOURCING

**TraXall**  
*international*

The outsourcing conundrum  
Top 5 considerations for fleet businesses



Vehicle fleets can have a significant impact on business finances, while also having a strategic and integral role to play in wider company performance.

Managing a fleet, however, can prove a challenging and time-consuming undertaking and, in many cases, the fleet function is ripe for outsourcing.

Here we outline five key considerations for those looking to outsource their fleet services.

# 1

## Is outsourcing right for your fleet?

The motivation for outsourcing fleet management will typically come down to a desire for greater levels of **efficiency and a reduction in overheads**.

However, while significant gains can indeed be made in both of these areas, this does not mean that it is the right approach for every business.

The business case will ultimately depend upon a variety of factors, including fleet size, the depth of resources and expertise, growth plans, corporate culture, existing fleet management and driver communication structures, reporting processes and budgets.

If fleet is a core operational function of a business, as it is for delivery and logistics companies for example, it may make sense to keep the ownership of key management areas in-house.

Where this is not the case, a specialist external resource may be better placed, have greater expertise, resources, systems, technologies and management processes to handle a company's fleet services.

The wealth of responsibilities facing a fleet, HR of finance team, can frequently prove overwhelming – from procurement, administration, risk and accident management to operational and in-life management, driver communications, short-term rental and service and maintenance.

An outsourced fleet management function is often better placed to support business growth plans, the upscaling of fleet operations, along with driving improvements in core processes and procedures that can lead to cost savings and uplifts in service delivery.

Notably, many businesses are currently focused on transitioning to zero-emission fleets; this process may be more strategically and effectively implemented, and subsequently monitored, by a specialist in this area.

For many such businesses, the case for outsourcing may be self-evident, for others, a cost-benefit analysis may be called for. This review should consider the involvement of all company departments and their respective time investment in fleet-related matters.

An independent fleet consultancy will often be able to offer advice in this area, or conduct a fleet review on the company's behalf.

**Defined corporate goals and well thought-out strategies are the key basis for considering outsourcing. Often, an outsourced fleet management solution is the most suitable option for supporting business growth plans and the transition to zero-emission mobility, as well as improving core processes that can lead to cost-savings and service efficiencies.**

## 2 Should all fleet services be outsourced?

Everyday fleet management tasks are becoming ever more time-consuming and complex, exhausting the manpower and outstripping the expertise of many fleet managers.

Not all tasks and areas of fleet have to be outsourced, however, to realise the strategic benefits of utilising an external resource.

For fleets operating a multi-bid environment – where they are not tied into maintenance or accident management contracts with a sole leasing provider – it is possible to pick and choose the areas where support is needed. Decisions should be taken based on individual business need and companies can be selective.

The levels of resource and expertise they have in house to manage all key areas of procurement, operation and administration should be determined at the outset.

A company may have a robust fleet policy, for example, that supports good vehicle choice and low whole-life costs but may not be applying the policy in the most effective way to optimise areas such as fuel spend, cost approvals, expense processes and risk management.

If collisions and rising insurance premiums are particular issues, for example, it might make sense to work with a risk management provider to identify root causes and find solutions.

If a fully-outsourced fleet management solution is the preferred option, a knowledgeable and experienced supplier should be able to provide a best-in-class service for every area of the fleet and take ownership of all resource-intensive administration.

Performance and cost data should be interpreted by the supplier to allow informed, strategic decisions to be made that improve operational and process efficiency, and that translate to bottom line savings.

**Outsourcing can help businesses to overcome certain limitations, such as a lack of internal resources or expertise, but it also valuable in terms of driving down costs and establishing more efficient processes. External experts can help accelerate the implementation of new or existing strategies and ensure quality is maintained throughout.**



### 3 Should an internal fleet management function be retained?

Long-serving fleet managers, or employees with designated fleet responsibilities, can have deep-rooted knowledge of corporate strategy, culture and in-house procedures, which can make them valuable, if not irreplaceable, assets.

They can be essential to key processes that a fleet management company can have difficulty replicating, such as driver communications, and their services should not be dispensed without careful consideration.

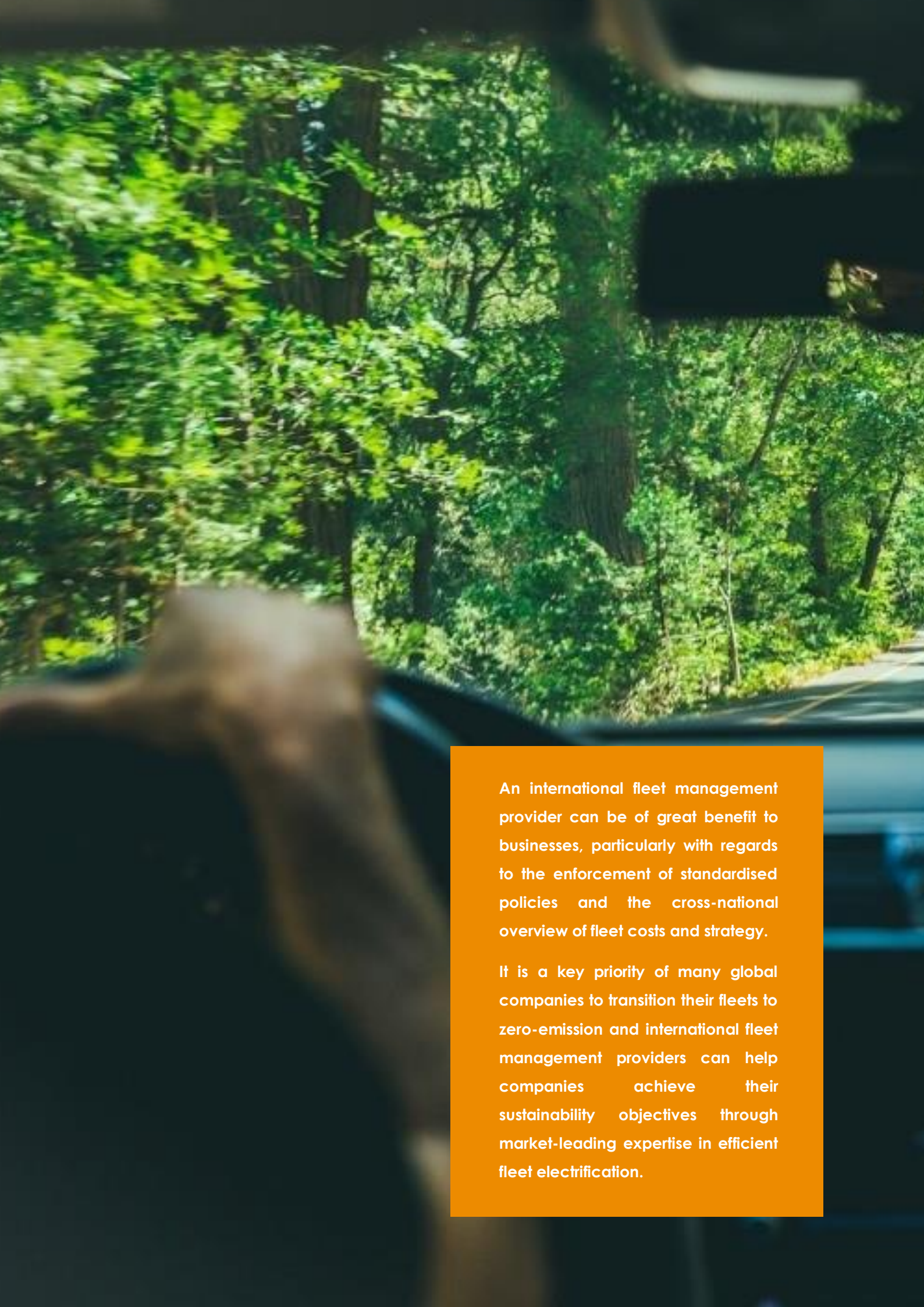
What's more, regardless of whether or not companies choose to outsource, they will ultimately remain responsible for the safety and wellbeing of their drivers. Suppliers may have responsibility for managing risk, but businesses should monitor this and ensure performance standards are met.

An internal fleet manager, or employee with designated fleet responsibilities, can also play a vital role in driving change within an organisation. They can help a fleet management provider achieve buy-in for fleet initiatives among key stakeholders from across the business, enable implementation and help the company deliver on strategic objectives.

These tasks will often prove a lot more challenging if no one internally has ownership of a business' fleet function.

**Having an internal fleet manager and an outsourced fleet management solution is not contradictory but rather harmonious. External experts can help support the internal fleet manager by eliminating laborious processes and allowing focus to be redirected to other business-critical areas.**





An international fleet management provider can be of great benefit to businesses, particularly with regards to the enforcement of standardised policies and the cross-national overview of fleet costs and strategy.

It is a key priority of many global companies to transition their fleets to zero-emission and international fleet management providers can help companies achieve their sustainability objectives through market-leading expertise in efficient fleet electrification.

# 4 How should outsourced contracts be managed?

Outsourcing partners should have a range of departments that deliver 'best in class' services for all fleet-related processes and procedures. Due diligence should be carried out, however, to ensure that these meet the required standards and that the preferred partner has the necessary resources and capabilities to fulfil their contract.

Strong channels of communication between the fleet and outsourced partner are essential and must be established at the outset to optimise service delivery across all areas, and to ensure efficient, streamlined operations for both drivers and management alike.

Core roles and responsibilities should also be well-defined to avoid confusion and to ensure accountability, with a clear roadmap provided for process implementation.

Furthermore, the fleet management services, including TCO savings, should be transparently reported and carefully monitored.

Service level agreements (SLAs) and measurable key performance indicators (KPIs) should consequently be in place to ensure the expected standards are met.

SLAs will of course differ depending upon the nature of the outsourced service, but they should focus on the most critical areas. If they become too extensive and complex, they can end up demanding too much time to evaluate.

Software systems can help in bringing the key variables together, centralising data management for fleet management partners, on behalf of the customer.

Metrics should be built around service to drivers and stakeholders, cost control procedures, delivery of data and reporting, accuracy of data, key compliance areas (e.g. MOT), timeframes for key processes (e.g. vehicle ordering) and vehicle off-road management.

In addition, all areas of spend should be benchmarked and carefully monitored – from vehicle leasing to fuel – including smaller costs that can prove substantial when compounded over time.

**Outsourcing means clearly defining the road map. This also includes defining SLAs and KPIs to ensure that you keep a close eye on the right parameters. The external fleet manager can provide benchmarks to better assess whether your fleet development is on track.**





# 5 Will my business see a return on investment?

The vehicle fleet should not be viewed as a fixed cost, but rather an area of business that can offer significant potential for realising efficiency gains and cost savings.

Considerable savings can be realised, for example, by changing the fleet purchasing strategy from single-supplier to multi-supplier and having this professionally implemented.

In terms of vehicle procurement, a sole supplier may offer eye-catching deals on certain makes and models, but will not typically be able offer the best deals for all vehicles. Using an outsourced specialist to search the market for the most competitive price on every vehicle from multiple suppliers will invariably result in reduced spend.

Return on investment (ROI) from outsourcing will ultimately depend on the level and type of services outsourced, the nature of the business in question, along with its fleet size and structure.

It should be remembered, however, that not all the benefits of outsourcing will be easily quantifiable – there is also value on investment (VOI) to consider. This might include, for example, improvements in business reputation resulting from higher customer service standards or best practice road risk management.

From a purely financial perspective, choosing the right outsourced partner that offers the requisite visibility and insight into the different components that impact costs can mean substantial bottom line savings.

**Although outsourcing is an investment, the cost-savings can be significant, particularly when it comes to procurement. With the help of an external fleet manager, who is skilled in the complexities of multi-sourcing, companies can realise cost savings of up to 12% per vehicle.**





## Contact

Within the TraXall Group, we have experienced consultants who specialize in the complex dynamics of today and tomorrow's fleet and mobility market. They will be happy to support you in optimising your fleet and in making the best possible decisions.

Do not hesitate to contact us for further information or support.



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