The Benefits of Using Fleet Automation

RIDECELL

Rental companies are in the middle of a digital transformation. Using fleet automation technology, they can reap even more operational and dollar-driven benefits.

Rental businesses demand ruthless operational efficiency, resulting in little margin for error, especially in a high-demand environment when assets are commanding premium rental rates.

Operators need to turn assets quickly, which means reducing friction at the rental counter or eliminating it altogether. The industry has been looking to utilize fleet management technology but that turns out to just be the start of the journey towards using data and automation to increase efficiency. **Over the past few years, several disruptive trends have been reshaping the operational landscape of the rental and leasing businesses, including:**

- Increasing data sources including camera, in-vehicle sensors, and OEM vehicle data
- Digital solutions for replacing the vehicle keys with keyless entry systems
- Increasingly specialized fleet management systems each providing unique insights
- Mobile app experiences that replace the traditional counter-based rentals
- Increasing adoption of electrified vehicles

As the number of data sources and fleet management systems proliferate, a new class of management challenges are emerging...

Keeping track of all the recommendations and required actions to efficiently manage the fleets. Instead of making life simpler for the rental management operations, these systems and their increase in recommended actions are causing more work for the personnel. Fleet automation platforms present an opportunity to solve these problems as well as offer the ability to provide a superior and differentiated customer experience.

In this eBook, we'll discuss four challenges rental businesses face and how fleet automation platforms can help.

CHALLENGES FOR EFFICIENCY-MINDED OPERATORS

The rental industry saw record sales in 2019, before the Covid pandemic brought the industry to a halt.[1] The intervening years saw a slow rebound, with vehicle supply constraints caused by production cuts and a microchip shortage, and a used vehicle market that paid a premium for defleeted units.

But fast forwarding to 2022, the industry had a record year – U.S. car rental revenue reached $36.1 billion, a 24.7% increase over 2019, according to Auto Rental News.[2]

The truck rental segment, which is valued at an estimated $33 billion according to IBIS World, has seen strong growth too.[3] United Rentals, one of the largest truck rental operators in the U.S., increased revenue in the fourth quarter of 2022 by 14.4% to $48.6 million.[4]

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Despite this growth, customer satisfaction has been in decline.

In 2022, satisfaction as measured by J.D. Power declined for the second consecutive year.[5] Operational bottlenecks and paper-based processes have been crimping the experience at nearly every step. **Rental businesses face at least four key challenges in their business. They are:**

- Managing legacy rental software
- Hurdles to the contactless rental experience
- Vehicle security gaps
- Complex logistics for maintenance

Let's take a closer look at each business hurdle rental operators are facing and some recommendations on how to repair process bottlenecks and improve efficiencies.

Managing legacy rental software

Rental management software has served as the backbone for many rental businesses because it attempts to manage all aspects of the rental process, including:

- Inventory management
- Reservations
- Tiers of rates
- Customer management
- Rental agreements and waivers
- Vehicle maintenance
- Vehicle tracking (in some cases)

While these software solutions are effective, they can also often be proprietary and resistant to updates and integrations. They have only, in recent years, begun to integrate GPS vehicle tracking, which has become a ubiquitous part of rental fleet management.

Seamless reservation system integration

Today there are modern counterless reservations systems that are designed to bolt on to existing rental platforms to allow legacy systems to easily incorporate a fleet of counterless rental vehicles. These automated rental platforms centralize and connect the data centers in rental businesses, to avoid struggling with data silos and fragmented analysis. The technology integrates with in-house rental systems, providing the ability to extend existing IT systems with a self-service rental experience.

Counterless rental systems with built-in automation integrate with just a few API calls to extract the relevant information from a rental system in order to be able to move vehicles in and out of the counterness rental experience. Seamless integrations also mean that vendor systems used to manage these vehicles can also be integrated, so when routine maintenance or repair work is needed, the two systems can talk to one another, preventing the need for rekeying information from one system into another.
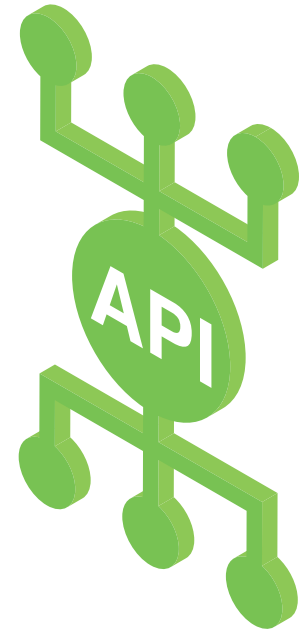
Successfully implementing the contactless rental experience

One of the rental industry's aspirational goals in recent years has been implementing a "contactless" experience that allows a customer to rent an asset by bypassing the traditional rental counter and access the asset via a mobile app. Penske, U-Haul, Fluid Truck and others now allow customers to reserve and access their trucks using their own branded mobile apps.

Contactless rentals represent a highly efficient form of automation that takes delay and friction out of the customer journey, but it hasn't been widely implemented partly due to the requirement for physical paperwork, concerns about vehicle security, and damage issues with vehicle damage inspection.
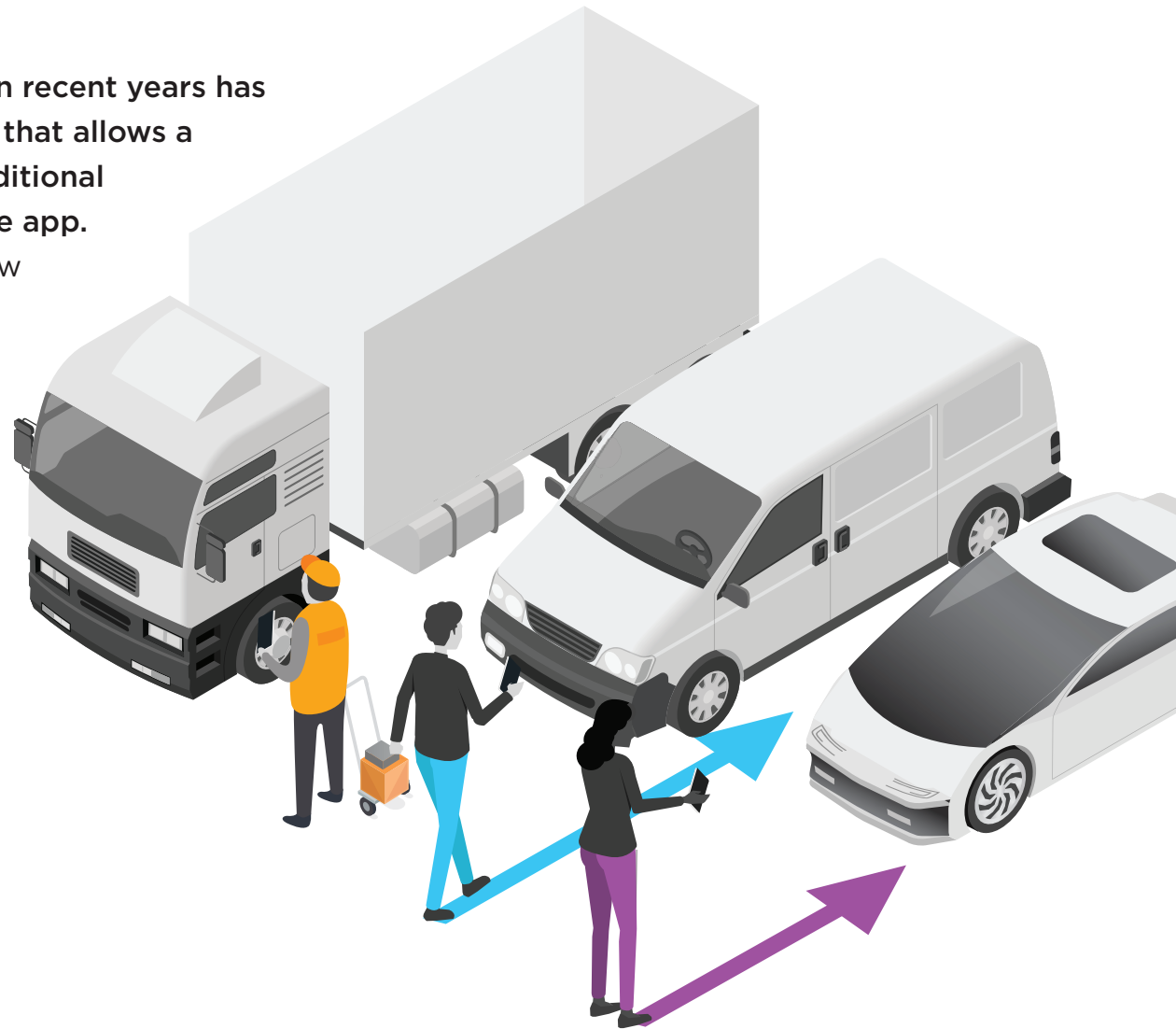
Counterless and keyless access and driver verification

Rental operators who can remove friction at every touchpoint – from reservations to verification to access – will create a much more successful customer journey. Customers prefer to skip the line and access the vehicle whenever they need the vehicle, rather than only during the hours of operation for the rental counter. One enabler of the 24-hour access is transitioning from handing out vehicle keys to using keyless vehicle access to:

- Allow customers to unlock and start a vehicle using their mobile app or a hotel-style (NFC) card key.

- Provide keyless access anytime, anywhere without needing internet coverage. Customers will never be locked out of rental vehicles even deep in parking garages or out-of-service coverage. Smartphone app and NFC access cards connect directly to the vehicle providing guaranteed access.

- Retain and manage key fobs more smoothly – If ridding your fleet of key fobs isn't a reality, using a mobile app for vehicle entry and accessing the key to start the ignition becomes more manageable. Even if someone has the key, the vehicle won't start without a valid rental in progress.

- While most counter based experiences use physical paper and printouts, an automated rental solution digitizes those paper-based forms exactly to allow customers to complete them digitally, without necessitating legal review or policy upgrades to support the change from a paper based to digital system.

For commercial rental accounts, automation supports flexible driver assignments, which will be welcome news to the HR managers who often oversee this. It supports multiple corporate driver assignment models, including a dedicated driver per vehicle, all drivers assigned to all rented vehicles, or drivers with certain credentials assigned to specialized vehicle classes.

For rental businesses with commercial customers, fleet automation makes it easier to submit bulk vehicle reservations, allowing customers to reserve multiple assets at one-time, using a dedicated corporate rental portal.

Driver onboarding is also improved with real-time identity verification via MVRs (motor vehicle records). This can streamline verifications for driver's license checks and background checks. Using facial recognition to confirm identity ensures that licenses haven't been revoked or excessive driving points added.

Lack of vehicle security

Rental operators face an array of threats to the security of their assets. Rental vehicles are frequently a target for thieves, who often use them to commit crimes. A typical fleet loses more than $22,000 per vehicle per year in theft-related expenses, according to rental telematics provider Zubie.[6]

Auto theft overall has been on the rise. In 2022, more than one million vehicles were stolen, which was a 7% increase from the prior year, representing $8.9 billion in losses, according to the National Insurance Crime Bureau.[7] Rental businesses must also deal with the cost and inconvenience of lost keys and driver lockouts, which require staff resources and third-party vendors to solve quickly.

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Easily grant and remove vehicle access remotely

Keyless technology prevents vehicle thefts. With today's key fob-based vehicle control, anyone with the vehicle key has the ability to get in and drive the vehicle. The vehicle is only as secure as the physical key.

With a keyless-based system, drivers are authenticated as having the rights to drive the vehicle. Without an authorized driver present, the vehicle is immobilized, preventing it from being started, even if someone has the vehicle key. If the vehicle begins moving without an authorized driver present (e.g. if it is being towed) the system recognizes the unauthorized movement and sends alarms to the appropriate fleet manager.

Preventing vehicle thefts using imobilization is clearly preferable to allowing a vehicle to be driven away by a thief. But faster identification of a towed stolen vehicle will also lead to faster recovery times. Typically, businesses with keyless systems in place shorten the time to recover a lost or stolen unit from several weeks to several hours.
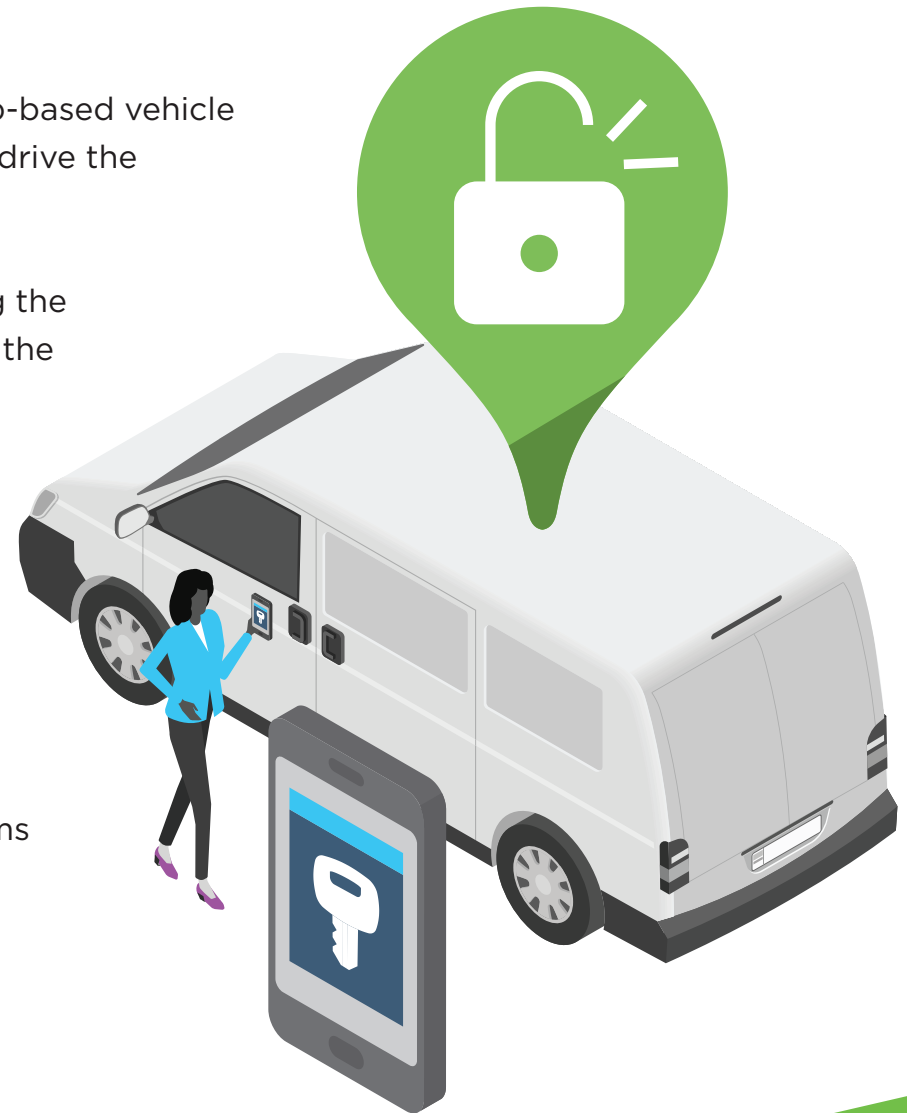
Managing the complex logistics of vehicle maintenance

Since 2020, the ongoing supply crunch has resulted in rental assets remaining in service for much longer duty cycles. As a result, the rental industry has nearly abandoned the once-common short-cycling practice of keeping assets in service for six to eight months.

Longer life cycles have brought a higher priority to preventive maintenance which often requires a lengthy process that includes:

- Inspections that identify defects
- Service reminders
- Approval workflow
- Finding local repair shops
- Repair scheduling

Maintenance management workflows can be fragmented, especially when there are multiple people involved in managing processes, which can often be outdated.

Streamlining inspection reporting

Inspections help identify damage or discover diagnostic faults with rental vehicles that can ultimately determine that vehicles are not roadworthy and unsafe to drive. With the help of a fleet automation platform, rental businesses can automate the repair of reported damage or vehicle diagnosed issues via the check engine light and automate the resolution to fixing the issue.

Customers will not experience vehicles with low 12v batteries, flat tires, no windshield wiper fluid, or mysterious check engine lights because those error conditions can automatically be detected and service workers can be sent automatically to resolve the issue before a customer receives the vehicle.

Effective fleet management also relies on proactive preventative maintenance scheduling – getting assets into the shop for routine service and minimizing downtime so they return to service as an earning asset. Automating the scheduling of the repair and coordinating with the service vendor all digitally using an automated system saves fleet operators the times required for the manual work needed to coordinate logistics activities.

Fleet automation solutions convert real-time notifications into immediate action, allowing operators to quickly address vehicle repairs and minimize the delays often associated with correcting vehicle maintenance issues.
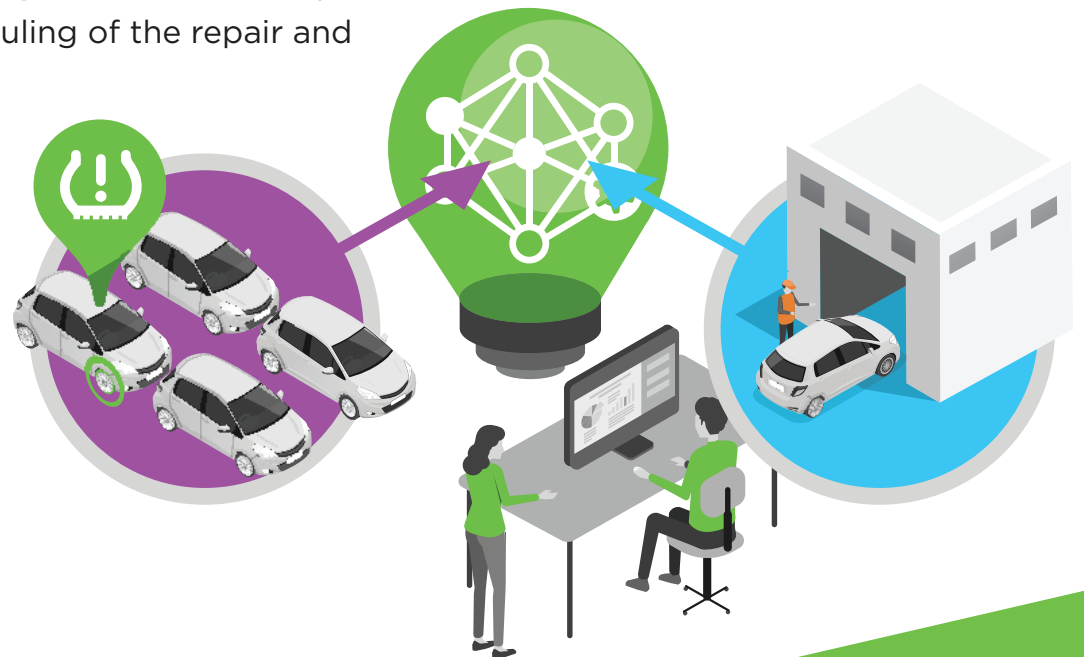
Using Automation to Focus on the Future

The rental industry has made large leaps from its not-so-distant past in improving the customer journey. While roadblocks still remain, using a fleet automation solution to help monetize and modernize the entire rental process improves efficiency and increases customer service. It also surfaces the costs associated with manual and time-consuming processes.

To learn more about how the Ridecell rental solution helps offer more control over your fleet and more convenience from your customers, click here.

ridecell.com

Sources

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