WHITEPAPER

EAM for fleet management and maintenance: the key to better profits in the transport sector

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KEEPING VEHICLES AND GOODS ON THE MOVE.

COMPANIES IN THE ROAD TRANSPORT SECTOR OPERATE IN A HECTIC AND COMPLEX ENVIRONMENT, WHERE MEETING SCHEDULES AND AVOIDING DELAYS IS CRUCIAL BOTH TO BUSINESSES AND TO SOCIETY. THE IMPORTANCE OF TRANSPORT, AND OF THE WIDER FIELD OF LOGISTICS, BECAME CLEARER THAN EVER WHEN THE RECENT PANDEMIC THREATENED DISRUPTION TO SUPPLY CHAINS.

Essentially, transport is the business of moving goods from place to place. To keep goods moving, maximum availability of vehicles must be maintained. Meanwhile, many other assets and processes need to be controlled to support transport and the closely linked logistics activities, which include warehousing operations like storage, handling and packing.

Along with the goods vehicles and their onboard kit, managers must consider asset optimisation relating to forklift trucks, buildings and facilities, workshop equipment, IT resources and more. Uptime of vehicles is vital, as they only make money when they are on the road, but profits also depend on keeping costs down across the board.

As this whitepaper will show, enterprise asset management (EAM) software can address all these issues. For fleet, maintenance and HSE managers, it helps take the stress out of managing large fleets, optimally timing services and inspections, improving efficiency, and ensuring regulatory compliance. In short, the technology protects business profitability.

> “Ultimo is very accessible; it’s easy to make it your own. With some training, which is also offered by Ultimo, you can do a lot yourself. There is much more freedom in Ultimo than other solutions, and the clear presentation and interface make it easy to see the data you need.”

PRIORITISING AVAILABILITY AND COST CONTROL.

Figures 1 and 2 compare asset managers' main concerns between the transportation and logistics sector and industries in general. This information comes from research for the Ultimo 2020 Enterprise Asset Management (EAM) Trend Report. The issues most often ranked as 'very important' in transportation and logistics were asset uptime and HSE (by 60% of respondents in each case), followed by cost control, KPIs and knowledge retention (by 40% of respondents in each case). For industry as a whole, the percentage of managers ranking these five factors as very important is smaller in each case.

A high concern for environmental health and safety is to be expected in any heavy industry like transport. The high ranking of asset uptime is also unsurprising, given that vehicle availability is so essential, while cost control – as we have mentioned – is vital if a profit is to be made.

Management of vehicle availability and costs is especially important in transport because margins are thin. Anything which impacts upon either of those factors is a threat to profitability. With this in mind, the relative importance of meeting KPIs and retaining expert knowledge in this sector can be easily understood.

A vehicle accident or breakdown on the road can generate huge costs and consequences for a transport company. Recovering and repairing expensive goods vehicles is time-consuming and expensive. There is also potential for payment demands or insurance claims relating to third-party vehicle and structural damage, with the potential added cost of providing replacement vehicles. Cargo may be spoiled and the income from its delivery lost. Delays can mean missing targets and failing to meet the requirements of a contract, which is bad for business. As transport is so time-critical, everyone further along the supply chain is likely to be adversely affected.

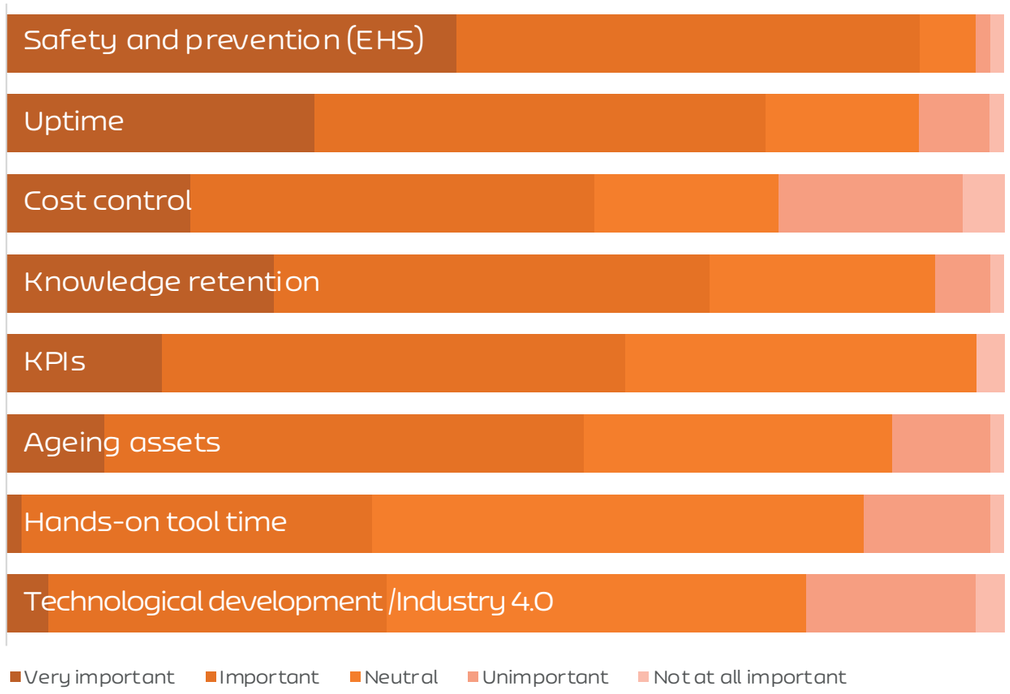


Figure 1 – Asset managers' main concerns in the transportation and logistics sector (source Ultimo 2020 EAM Trends Report)

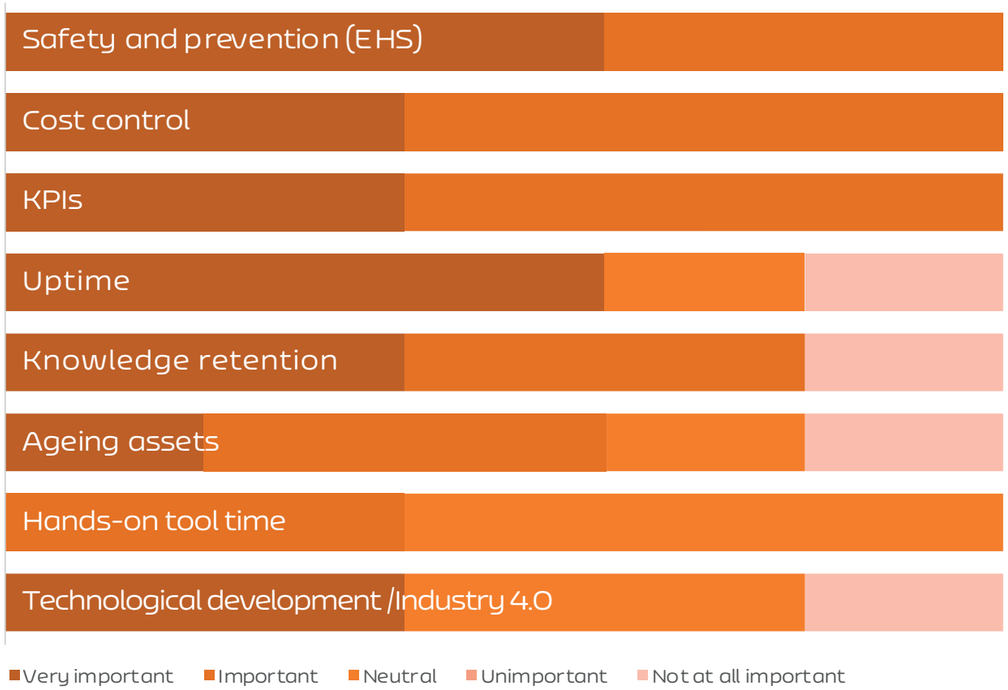


Figure 2 – Asset managers' main concerns in industry as a whole (source Ultimo 2020 EAM Trends Report)

Accident management, including inspection, reporting and other related administration, is a key cost in the transport sector. As will be obvious from the above, the follow-up costs in the event of an accident or breakdown on the road are often much higher than those dealt with in site-based asset management.

In fleet management there are many more processes and costs to control than just those involved in maintaining the vehicles. There is a lot to administer in terms of accident management, as we have seen, as well as transport-related contracts, personnel, insurance, fuelling, tyres and HSE, for example.

These factors are complex and interrelated but the information relating to them is often held and managed using separate systems. To manage a fleet efficiently, they must all be considered at the same time.

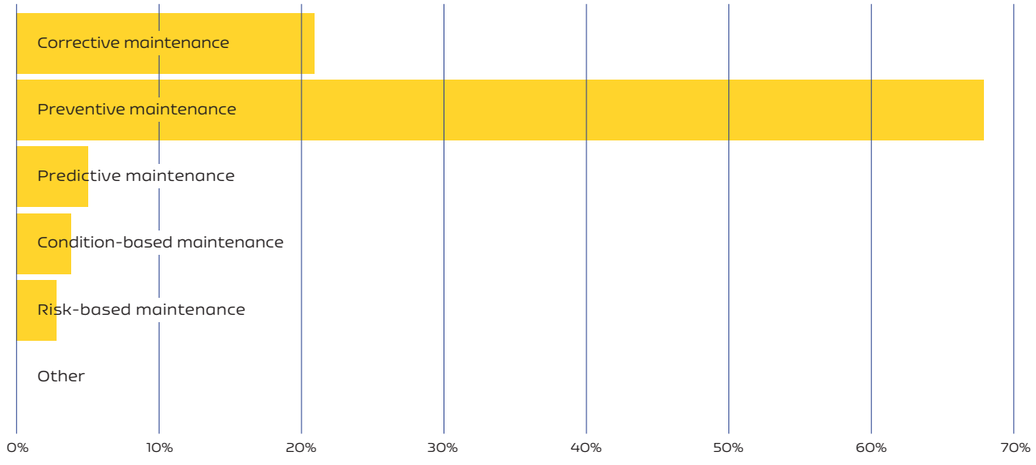


Figure 3 – Percentage of maintenance time spent on different approaches in the transportation and logistics sector (source Ultimo 2020 EAM Trends Report)Trends Report)

CHALLENGES AND RISKS TO PROFITABILITY.

The first line of defence against vehicle downtime and its related costs is careful inspection and maintenance. Inadequate processes can leave vehicles in a poor and unreliable state, which risks breakdown, or in an unsafe condition, which risks accidents.

Over-reliance on corrective maintenance – otherwise known as reactive maintenance – makes vehicles vulnerable to such events. In this strategy, maintenance action is taken only when a fault or malfunction becomes noticeable. By that time, serious damage may already have been done.

Preventive maintenance is an alternative which seeks to repair or replace parts before they fail in service. With the right technology, more advanced approaches like predictive maintenance and condition-based maintenance can be used to determine the best possible moment for such work. This reduces the chances of unnecessary or premature maintenance intervention.

Figures 3 and 4 compare maintenance strategies between the transportation and logistics sector and industries in general, based on data produced for the Ultimo 2020 Enterprise Asset Management (EAM) Trend Report. Encouragingly, they show a much greater tendency in transportation and logistics for use of preventive rather than corrective maintenance. There is room for improvement, however, and much scope for switching to more refined strategies.

Importantly, good vehicle condition should not be bought at the expense of unnecessarily high downtime. Asset maintenance should be co-ordinated with asset use to ensure it is timed to cause the least possible disruption. This is more difficult for road vehicles than for static assets, as it requires the vehicle not only to be taken out of service but to be moved from its current location to a maintenance centre.

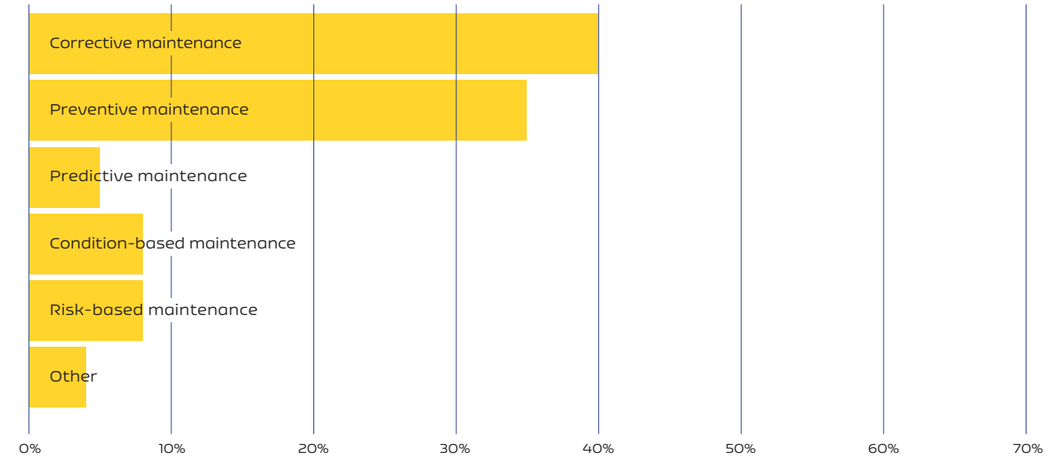


Figure 4 – Percentage of maintenance time spent on different approaches in industry as a whole (source Ultimo 2020 EAM Trends Report)

Incomplete use of data available from vehicles and other sources, along with poor communication or sharing of information, is an obstacle to cost-effective maintenance and fleet management. Today those sources increasingly include smart systems fitted to the vehicle to gather digital data on its condition and use.

As we have emphasised previously, fleet management covers many more processes than a fleet maintenance operation does – including a wide range of administrative matters. The data needed for fleet maintenance optimisation and fleet administration tends to be divided between several separate systems which do not link – including information on paper or, worse still, in people's heads.

Without a clear, integrated overview of all costs and issues, it is impossible for managers to make fully informed decisions. Under such circumstances, cost inefficiencies and poor performance of assets and operations are inevitable.

Another opportunity to increase efficiency is missed when companies fail to make use of mobile technology and connectivity. For instance, drivers in some companies still have to depend on slow, often paper-based administration of jobs and recording of problems while out on the road. Today's mobile apps can easily make those processes instantaneous, via the driver's tablet or phone.

A further drawback of poor communication and information management is that companies are unable to retain and share the data and cumulative experience available within their organisation. This hinders the ability of staff to learn from each other and means that companies risk losing knowledge as members of their ageing workforce retire.

HOW AN EAM SYSTEM CAN IMPROVE PROFITABILITY.

AN ENTERPRISE ASSET MANAGEMENT SYSTEM SUCH AS ULTIMO PROVIDES A FRAMEWORK FOR GATHERING DATA AND USING IT TO BEST EFFECT. WITHIN A TRANSPORT BUSINESS, THE PRIMARY EAM NEEDS RELATE TO FLEET ASSET MANAGEMENT. THIS IS AN AREA WHICH INVOLVES MULTIPLE AND DIVERSE ADMINISTRATIVE ACTIVITIES WHOSE COLLECTED DATA MUST BE CORRELATED TO GIVE FULL VISIBILITY OF THE COMPANY'S COSTS AND ISSUES.

Ultimo combines Fleet Asset Management with Technical Asset Management in one EAM software solution. The latter addresses all maintenance management work, covering not only the goods vehicles but their onboard kit and the company's related assets such as lift trucks, buildings and facilities, workshop equipment and IT resources.

It is important to recognise that this EAM solution from Ultimo offers much more than maintenance management software. Instead, it is a complete package which brings together all of the above functions and data into one easy-to-use asset optimisation and management platform.

In addition, Ultimo consultants can link the enterprise asset management software to other systems used by the transport company, so their data can be integrated. Crucially, this includes integration with the transport management systems which plan each vehicle's use. Ultimo's asset planner shows 'maintenance windows' within which the vehicle can be inspected, tested, serviced or repaired without affecting productivity. Managers can bundle those activities – including any upcoming part replacements and attention to emerging faults – to make best use of the planned downtime.

Along with fleet maintenance, Ultimo's EAM system for transport integrates the many administrative tasks involved in fleet management. Specific aspects include managing contracts, personnel, insurance, fuelling, tyres, HSE and accidents.

Data required for management can be imported into Ultimo by making connections with other systems. For instance, links to fuel card providers (such as Shell, BP and DKV) enable registration via Ultimo and importing of data on all refuelling transactions.

In preparation, Ultimo consultants carry out business scans and run workshops with customers to see what systems they use and how they can be best integrated or interfaced with the EAM. Ultimo then provides the connections. As well as transport management systems and fuel cards, Ultimo can link with, for example, vehicle onboard computers, barcode scanners, stock lists and financial systems.

The result is a total overview of costs and issues, which enables better cost control decisions. Ultimo's EAM system shows users the total cost of ownership (TCO) of each vehicle, along with all other details and documentation relevant to it. This knowledge is crucial both in maximising the cost efficiency of a vehicle's use and in planning its eventual replacement.
It helps answer such questions as: when is the best time to replace; is it better to buy or lease; and what will be the financial and other consequences of postponing replacement?

Ultimo EAM also enables good use to be made of information gathered via digital communication and connectivity technology. For example, Ultimo can integrate with third-party software which collects data from smart sensors in vehicles and makes actionable information available to the EAM system.

The Ultimo EAM system is cloud-based and gives authorised users easy access to its information and functions via desktop, laptop, tablet or smartphone. This flexibility enables home and other remote working, where appropriate, and allows situations to be managed without necessarily spending time on travel.

Service engineers and drivers can use Ultimo's mobile 'self-service' functionality. This provides a very simple phone or tablet interface through which they report on equipment failures and job progress, for instance. The information they input goes directly and immediately into the Ultimo EAM system for action, with no paperwork, separate systems or intermediate staff involvement to delay things. At the same time, it makes everyone a contributor of useful data which makes the system even more powerful.

Ultimo EAM simplifies reporting and auditing by producing instant reports – in standard or customised formats, as required – and giving quick and simple access to information. It can be used, for example, to demonstrate compliance with maintenance and safety regulations, to fulfil insurance company reporting requirements, and to support internal quality control work.

Fleet and maintenance managers are not the only users of Ultimo's EAM data. Transport managers, for example, use vehicle weights and heights in their planning. Ultimo is user-friendly and enables sharing of data for the whole organisation's benefit. It also encourages transfer of an ageing workforce's expert knowledge into fleet management and maintenance software, where it can benefit future workers.

Ultimo enterprise asset management software can be adapted easily to meet any special needs a transport company has. Once the Ultimo EAM softwareis implemented, companies can expand on its use – with help from Ultimo consultants – to make further business improvements. Options include failure analysis, HSE software integration, training, labour deployment planning and more.

CASE STUDY - VAN MOER LOGISTICS.

VAN MOER LOGISTICS EMPLOYS AROUND 1,450 STAFF, SPREAD ACROSS 22 LOCATIONS IN BELGIUM. FOCUSING ON TRANSPORT, DISTRIBUTION AND WAREHOUSING, ITS TRANSPORT DIVISION HAS AROUND 500 TRUCKS AND 450,000 SQUARE METRES OF WAREHOUSE SPACE.

Most transparent and flexible programme

In the beginning, its fleet management information was kept in Excel, but as Van Moer grew strongly this was no longer sufficient. In addition, it needed a good system for stock management and purchasing. Digitising all of this was not an easy process, but thanks to Ultimo's modular capabilities the company was able to develop step by step.

"Ultimo was the most transparent and flexible programme," says Stefan Raes, Fleet Manager at Van Moer. "I have worked with various programmes, but Ultimo has the most possibilities. You can add modules over time. You can build on it.".

Van Moer uses the Ultimo enterprise asset management system for fleet maintenance, stock management and reports. Its maintenance mechanics start each job with a blank work order whose barcode is scanned to record the hours worked. (There are also special prescribed work orders, used in relation to accidents.) Based on the work order, mechanics can also request parts which, on approval, are directly added to the vehicle's parts list.

Approved work orders are assessed by cost centre. Those which will be invoiced internally or to third parties are first passed through an enterprise resource planning (ERP) system which links with Ultimo. This ensures that all technical details of the vehicle are brought together with other fleet management information and avoids duplication.

Stocks of parts and materials for all 22 sites are managed uniformly, using Ultimo as a single platform. A double barcode approach, with one code for the item number and another for the relevant warehouse, gives accurate information on each part's identity and location.

Reports extracted from Ultimo include costs per truck for maintenance, damage repairs and other expenses. They can give an overview of vehicle replacement schedules and are even used in presenting budgets. Safety certificates and other necessary information for vehicles transporting dangerous goods can be printed out and are also accessible at any time via Ultimo. This simplifies 'ADR' checks when a vehicle is out on the road.

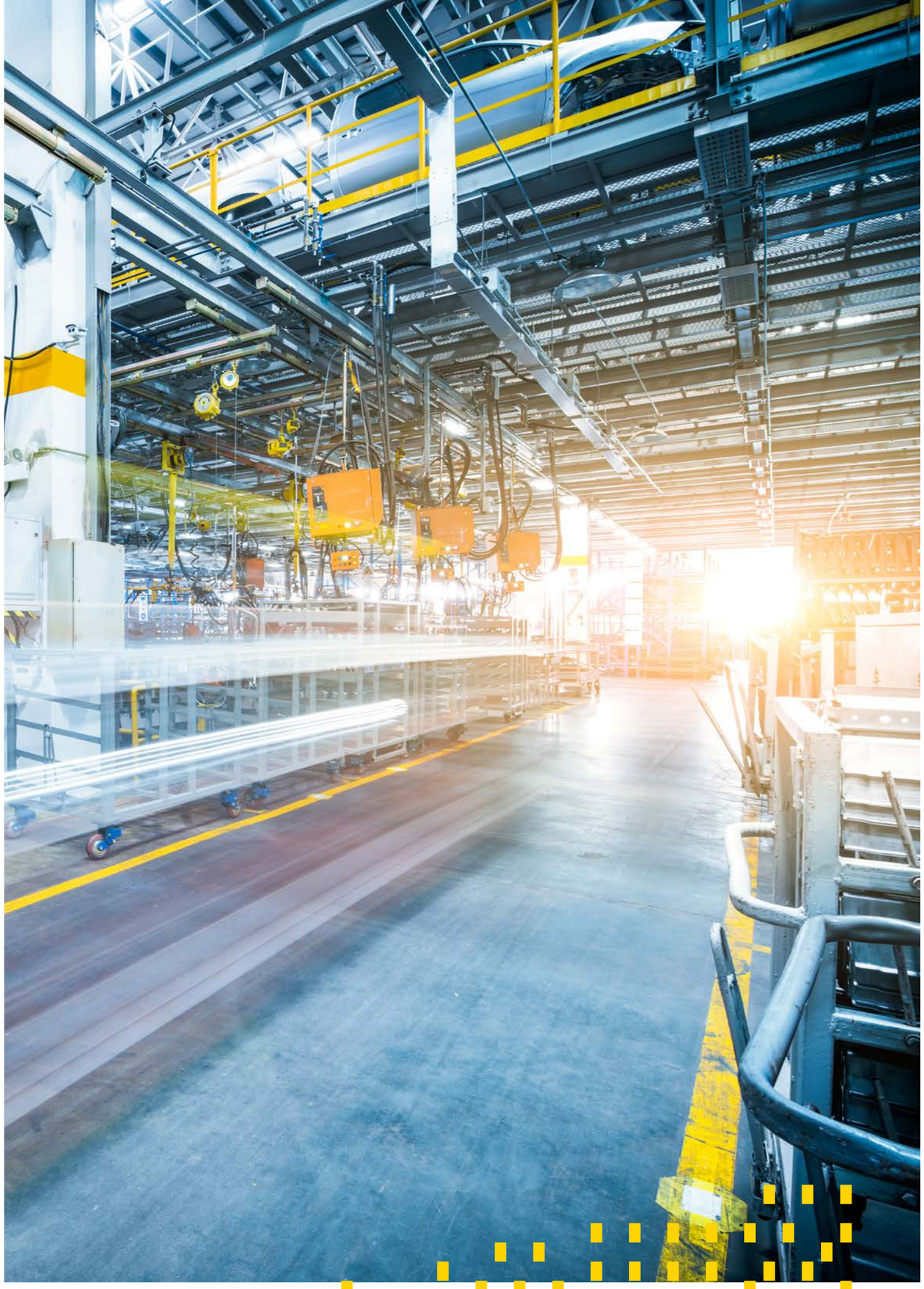
ULTIMO EAM – FOR HIGHER AVAILABILITY, LOWER COSTS AND BETTER PROFITS.

VEHICLE AVAILABILITY AND COST CONTROL ARE KEY FACTORS AFFECTING PROFITABILITY IN TRANSPORT – AN INDUSTRY SECTOR IN WHICH PROFITS ARE NOTORIOUSLY THIN. ADDING TO THE MANAGERS' DIFFICULTIES IS THE HECTIC, TIME-CRITICAL NATURE OF THE WORK AND THE COMPLEX VARIETY OF ISSUES AND TASKS WHICH MUST BE CONSIDERED SIMULTANEOUSLY. FLEET MAINTENANCE IS VITAL, BUT IT MUST BE CLOSELY CO-ORDINATED WITH MAINTAINING OTHER ASSETS AND WITH THE MUCH WIDER RANGE OF ADMINISTRATIVE WORK AND INFORMATION INVOLVED IN FLEET MANAGEMENT.

Vehicle accidents and breakdowns on the road can have much more extensive impacts on asset uptime and expense than failures of assets on a site. They must be avoided through proactive maintenance, but at the same time this must be carefully planned to minimise loss of vehicle availability. Optimal timing of maintenance, along with increased efficiency and well-informed decision-making in other aspects of managing the fleet, depends on good information. The necessary data is often difficult to access, and held in separate systems, making it impossible for managers to gain a clear overview of costs and interrelated issues.

Ultimo's enterprise asset management system brings all the relevant data together to enable management and maintenance of fleets from one platform. Vehicle inspection, servicing and repairs can be intelligently planned to minimise time in the workshop, while ensuring efficient, reliable condition and avoiding breakdowns. Managers gain total visibility and control over their vehicles and other assets, along with all the related processes and costs, enabling better-informed decisions which save time and money.

In addition, Ultimo helps ensure and demonstrate HSE (health, safety and environmental) and other regulatory compliance. It harnesses mobile technology and connectivity to optimise flexibility in response to events. It also future-proofs vital processes by retaining and sharing information, and by embedding expert knowledge into its management, maintenance and HSE software. In all of these ways, Ultimo serves to protect and enhance the profitability of the business.



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Ultimo is the #1 EAM Cloud platform that provides its customers with control over their assets and an unmatched and proven Return On Investment. Its benefits include increased uptime; management of costs and an extension in the lifespan of equipment; reliable control information; ease of adherence to laws and regulations and the assurance of a safe working environment. With Ultimo you see vital signs and you take vital actions.

Live-link your assets and facilities.

ULTIMO