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# **SAP Fleet Management**

## **An Effective Enterprise Assets Management**

### **And Operating Cost Reduction Strategy**

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# SAP Fleet Management

## Effective EAM and Operating Cost Reduction Strategy

### The Challenge

Ever expanding markets and growing size of supply chains are posing new challenges to organizations. Your company, however, cannot grow faster than its supply chain infrastructure; understanding the range and limitations of your supply chain is critical for expansion. As much as your supply chain is the backbone of your company, your fleet is the lifeline of your business. A complex supply chain with large numbers of moving parts, tight customer fulfillment timelines and demand volatility is increasingly putting more and more pressure on companies to manage their fleet more effectively, reduce the operating cost and create more value for their customers. Regardless of your industry, it has become imperative to address the challenges posed on your supply chains by the fleet management related issues such as:

- Capacity planning
- Logistics analysis
- Fleet scheduling
- Routing
- Repair management,
- Servicing Management
- Warranty Management
- Depreciation
- Timely preventive and corrective maintenance

#### Managing Fixed Assets & Resources

- Maintain asset profiles and records
- Reduce down-time

#### Reducing Operating Costs & Increasing Efficiency

- Improve asset utilization and maintenance management
- Fuel Management
- Reduce administration
- Fleet cost
- Fleet performance

### The Facts

According to Alyssa Dwyer, strategic consultant for GE Capital Fleet Services- "There has been a significant increase in maintenance costs year over year, less due to an increase in parts and labor cost, but predominantly because of the increased frequency of repairs as a result of aging inventories". As per a study conducted by GE Capital Fleet Services, a fleet management company headquartered in Eden Prairie, Minn.-

- Spend increases have been as high as nearly 50 percent, particularly for those fleets that have historically enjoyed a low age, between 12-18 months in service
- Older fleets were incrementally impacted by the need for an additional set of tires and brakes, and there was also a spike in unscheduled, higher-cost maintenance

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## The Solution

as a larger percentage of portfolios shifted into their post-warranty period, which impacted not only maintenance dollars, but increased rentals and driver downtime

- Preventive maintenance (PM) expenses experienced a double-digit increase over the past few years
- Average per-tire costs are up 6 percent over the past three years, while tire costs on a per-vehicle basis are up over 40 percent over the same time period because of the extended vehicle cycling and need for additional tires
- Industry studies show that accidents represent 14 percent of a fleet's total expenses, although it is probably even higher since these studies do not take into account soft costs such as downtime, lost employee productivity, etc.

According to Automotive-Fleet, a fleet management magazine, the top 10 challenges being faced by commercial fleets are:

- Cost-reduction initiatives
- Fuel price volatility
- Driver safety
- Implementing green fleet initiatives
- Increasing driver productivity
- Regulatory compliance
- Rising fleet transaction costs (acquisition and resale)
- Corporate average fuel economy (CAFE)
- OEM globalization
- Growing adoption of telematics

**Optimization of the total cost of ownership (TCO) of your fleet depends on how effectively you can manage the three “cost aspects” of your fleet- Fuel cost, Asset cost and Maintenance cost.**

SAP Fleet Management Solution helps you with:

### Fleet Administration

Fleet Administration manages the procurement, leasing, registration/ Insurance, depreciation, and personnel allocation of fleet objects.

**Fleet administration can help you do the following:**

- Procurement
- Leasing
- Registration/Insurance
- Depreciation (post depreciation to PM standing order)
- Fleet Driver Allocation

### Fleet Maintenance

Fleet Maintenance includes repair, tire management, warranty management, and VMRS codes of fleet objects.

**Fleet maintenance can help you do the following:**

- Servicing
- Repair
- Tire Management
- Warranty Management
- VMRS Codes

### Transportation Logistics

This process includes capabilities for vehicle tracking (GPS monitoring), scheduling, and routing to improve fleet efficiency, productivity, accountability, and profitability.

**Transportation logistics can help you do the following:**

- Routing
- Fleet Scheduling
- Tracking (including GPS monitoring)
- Consumption Management
- Pool Management

## Capacity Planning

Capacity requirements planning can help determine which fleet objects are available and when to assign them to order operations. You can use this component to define which fleet object can or should be assigned to complete which activities on which date.

**Capacity planning can help you do the following:**

- Capacity Planning for Fleet
- Capacity Planning for Drivers
- Motor Pool Management

## Fleet Analysis

Fleet-specific reporting is available with this solution via PMIS:

**Fleet analysis can help you do the following:**

- Cost of Fleet
- Performance Analysis
- Transportation Logistics Analysis
- Fleet Consumption Analysis

## The Process

With Fleet Management you can display fleet objects from your transport fleet in the SAP system. You can map the vehicles as equipment master records and enter vehicle-specific data. This means that you can now specify important fleet data such as the license plate number, load volume, consumption data, fuel card number, engine data, or fuel type and so on directly in the equipment master record. As with other types of equipment, you can also use the fleet object as a reference object for maintenance or service tasks.

The fleet object can act as the reference object for either a notification or an order. You can also perform maintenance planning for a fleet object. You can make the date of the next scheduled service dependent on the distance counter (for example, the odometer), the time counter (for example, the time meter), or any other fleet counter.

**Contact us to learn how Touchstone's supply chain services can help you overcome your industry vertical specific issues.**

## About Touchstone

Touchstone is an IT services company that architects business solutions and provides IT consulting services to companies of all sizes across the U.S. Touchstone helps its clients maximize ROI on their IT investments with short delivery cycle, seamless systems integration and superior support services.

**Make Touchstone your partner for Supply Chain Management Services.**

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