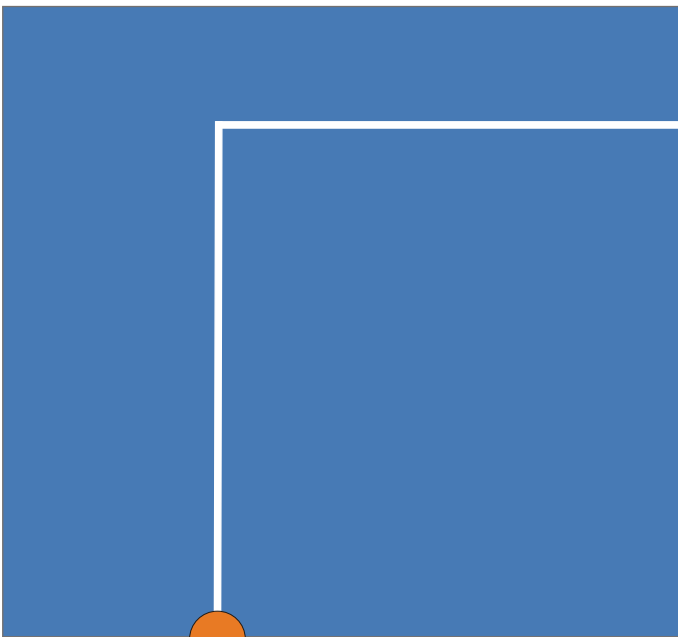


Chosing the right Vehicle Tracking
System for your organization

October 03, 2007



WHITE PAPER

Choosing the right Vehicle Tracking System for your organization

Choosing a Vehicle Tracking System for your vehicles is a very easy job, unless you are looking for a system that works continuously without any significant downtime. In a market where most of the companies are providing the service with low cost as their USP, few are focusing on the quality that a customer desires. The aim of this white paper is to create awareness about various parameters that influence how reliable your new vehicle tracking system is.

Three ways to look at VTS:

- 1) Scalability of the system
- 2) Performance of the system
- 3) Total cost of ownership

There are three ways to look at different Vehicle Tracking Systems: **scalability of the system, performance of the system** and **total cost of ownership of the system**. We will be taking a look from all these perspectives and understand how to differentiate a good VTS product from another.

Scalability of the System:

Scalability of a system is its ability to do various things that you need and, when needed, ability to perform functions that your organization might need in future. Before you look at the list of features of the VTS, make sure that you have a list of desired features ready in descending order of priority.

Thinking about features that you might want 1 year down the line is a good idea, because you would want to purchase the hardware only once. If the hardware that you purchase now does not adapt to your needs later, you probably need to look at more solutions right now. Some common features that are often needed after 6 - 12 months of service are:

- 1) Remote temperature monitoring of refrigerated vans
- 2) Load monitoring of trucks/trailers to avoid overloading
- 3) Remote visual monitoring to check pilferage
- 4) Charging a cab passenger using credit card through GPRS connection of VTS

Once you have a list of features that you will need in future, ask for demonstration of these features to ensure that the hardware you are purchasing will suffice and will not require replacements/upgrades. The hardware cost is the single largest component of the overall cost and upgrading the hardware will essentially render the older hardware useless.

Before asking for a demonstration make sure you know all the features that the service provider can give you as part of their offering. Do not discuss your needs before receiving such a list from them. This will help you identify those who can provide you a scalable solution from those who claim they can, once they know what you want.

Feature lists of many a service provider may be really long and provide data that you may not need. Ask them to provide you the data that you need and have your charges scaled accordingly. If there is information that is not beneficial to you, you should avoid having it in your system.

Performance of the System:

With vehicle tracking systems gaining popularity all across the world, the number of companies manufacturing the hardware has increased manifold within last one year. While this provides options at very lucrative costs, identifying the product with right quality gets more challenging. Most of the software solutions that accompany the hardware being provided are off the shelf solutions that the service provider is not authorized to even modify, let alone customize as per your business needs. Also because off the shelf solutions are designed to cater to a wide category of customers, they are often not optimized for use by one particular class of customers, often leading to frustration of dealing with a product that does not provide what you want and not as fast as you desire.

However, before you get attracted towards low cost of the system, you should make sure that it does what you want and can keep up with your demands. Common issues faced with inexpensive VTS products and services are:

- 1) Unreliability of the hardware to perform consistently in extreme weather conditions of India
- 2) No warranty cover for hardware
- 3) VTS hardware and tracking software are not scalable to add customized features
- 4) Service provider authorized to sell the product, but does not own the intellectual property to be able to customize as per different customer needs
- 5) Less uptime guarantee from service providers

Make sure that the hardware you are purchasing can be configured for services of various providers. This will help you ensure that you can switch your service provider if you get poor after sales monthly service.

Choosing the right Vehicle Tracking System for your organization

6) Slow response by web based application that displays the data in reports and on map

7) Incompatibility of hardware with software of other service providers

When you are purchasing a vehicle tracking system, you should expect your hardware to last for the lifetime of the vehicle. The aim of getting a value added service is unrealized if the value provided is not long term. Also, the system does not remain affordable if the costs that had to be borne once get repeated, in terms of hardware upgrade or re-purchase of hardware due to failure.

Few things that you should always ask any service provider are:

1) What is the warranty that the instrument comes with and what are the replacement clauses?

2) How fast can custom features be added to the system and what will be the cost for that?

3) What is the Service Level Agreement (SLA) for uptime of the complete application and will it be mentioned clearly in contract?

4) What is the load time of pages in the web application on production environment and is the maximum page load time going to be part of contract?

5) Can the hardware provided be integrated with the software of other service providers if the service is not good enough?

Getting answers to these questions will help you assess the confidence of the service providers in their service and also find the provider with whom it is going to be a winning situation for both.

Total cost of ownership of the System:

Calculating the total cost of ownership (TCO) of the system is trickier than it seems. The vehicle tracking system that you purchase should last the lifetime of the vehicle it is installed on to maximize the return on the investment. Few commonly known parameters to measure the total cost of ownership of the system are:

1) One time purchase cost of the system

2) Monthly cost of the service

3) Monthly cost of the SIM Card

The other parameters that are neither up-front nor recurring every month but do form a substantial component of the total cost are:

1) Annual maintenance cost of the system post warranty

2) Variable SIM card cost

3) Conditional monthly cost components

4) Replacement cost

5) Increased internal cost to use the system

The other parameters quoted above add up significantly to the total cost of owning a vehicle tracking system. A few ways to control this cost and also making it more predictable are to:

1) Ask about the annual maintenance cost before signing the contract. Also ask for the number of years for which AMC will be provided

2) Ensure that the monthly cost components are without ambiguity and all monthly costs are signed upon in contract

3) Insist on secure installation of the hardware (to prevent damages and hence recurring costs)

4) Divide responsibilities clearly for the installed hardware in the contract

5) Find out the tentative costs of additional services that you might need in future

6) Find out if the tracking system can be integrated with internal applications (like ERP or radio taxi system)

Questions to ask:

1) Can you add new features for me? At what cost?

2) Is SLA included in contract?

3) Can I switch to other provider later using the same hardware?

Find out the total cost of ownership of a system by asking the right questions.

Compare the TCO of two services to determine the more economical option.

Ask for annual maintenance contract for maintenance of all hardware to control your costs.

Using this document to your maximum advantage:

The three perspectives and the points that have been raised are not an exhaustive list to follow while choosing a vehicle tracking system, but they are intended as a guideline that covers most of the scenarios. Following these guidelines and applying your own understanding based on them will ensure that you chose a system that provides you the value that you need at a cost that you can afford.

The following guidelines will help you maximize benefits from this document:

- 1) Create a list of your requirements from a vehicle tracking system. Add features that you will desire from your VTS once it has successfully become part of your supply chain
- 2) Know about the features given by service providers. If a system does not provide all the features that you want, then it probably will not add value to your organization
- 3) If you have ERP implemented or a vehicle dispatch system for your radio cab service, then find out if the vehicle tracking system can be integrated with it. Adding one more application for your employees to use will reduce efficiency
- 4) If you already have a VTS system implemented and are not getting good service, try to find a new provider who can integrate the hardware you already have with their system. This will save you substantial costs
- 5) Ask for performance figures of the hardware and the software and have them in the contract agreement
- 6) Ensure that the service provider can provide new customization in the system at affordable cost
- 7) Get hardware configuration details from the service provider before the contract is signed. This will help you ensure that in case of bad service you can have the service provider replaced, without replacing the costly hardware
- 8) Do your due diligence in calculating the total cost of ownership

Over time, we have found that the parameters covered in this document cover the short and medium term requirements of an organization and enable it to make decisions that last and prove to be right. Keeping the interests of users in mind, we have developed a system where you can pick and chose the features that you want and pay only for them. We also provide our customers total mobility to move to new service providers and come back to us, all using the same hardware.

This is the direction in which we believe the industry should move. The approach where the customer is bound to use one provider's service does not represent a model that is democratic or can last for long and we are leading the industry in the direction where it is a win-win situation for both: VTS users and service providers.

Create a list of questions that you want to ask a service provider and negotiate on features.

Try to get a good monthly service cost agreed along with a high quality hardware. This will maximize your benefits.

MASPLANTIZ

Masplantiz and Masplantiz logo are registered trademarks of Masplantiz Technologies.

The information presented in the white paper is outcome of Masplantiz sponsored research/market surveys and is property of Masplantiz Technologies. Any reproduction of the information should be done with prior permission from Masplantiz Technologies. For more information contact at consulting@masplantiz.com.

Masplantiz is committed to providing fair value to the industry through its high quality products and continuous education program through white papers, trainings & surveys. We believe that a continuing education program for the industry will benefit the industry as well as service providers equally. If you would like to know more about our products, arrange a training or receive more information on any topic, contact us at info@masplantiz.com

© Masplantiz Technologies Pvt. Ltd. 2007.