

USING

# CAR SHARING

## SERVICES TO GREEN YOUR FLEET



PHOTO: ZIPCAR

**Zipcar is among the many car sharing service providers organizations can use to manage fleets in a more environmentally and financially responsible way.**

Car sharing can be an environmentally and financially responsible option for fleet managers. Car sharing services and vehicle sharing technologies can help increase fleet utilization while reducing both fleet size and environmental impact. **BY MIKE SCOTT**

### AT A GLANCE

Fleets can use car sharing through a number of avenues, including:

- Service providers.
- In-car and online fleet sharing technologies.
- Mobile reservation websites.

Going green has become a goal of many companies and the communities in which they operate, and it has impacted how fleet managers make strategic decisions about the fleet's operations and vehicles. One of the most common decisions green-minded fleet managers have to make is how to go green and do it in a financially responsible way.

One way fleet managers can be both environmentally and financially responsible is through the use of car sharing, a rental provider model in which drivers rent vehicles for shorter periods of time, often by the hour. Car sharing services are generally membership-based, with the goal of reducing the overall number of vehicles used by employees and maintained by the fleet.

#### Seeking Fleet Sharing Sources

Some organizations prefer to outsource their mobility needs to a car-share service provider, such as Zipcar, Enterprise CarShare,

or one of the many others, according to Rudy Six, general manager at INVERS Mobility Solutions, a technology provider to the car sharing and fleet sharing industry. The desire to use a car-share provider mostly occurs when "utilization is low, manpower or interest to run its own program is not there, or, fairly often, when there is merely an interest to foster the public car sharing service in the region," Six said.

Many organizations prefer to operate their own fleets and forego using a rental solution for short-term vehicle use. The problem is, these fleets often have underutilized vehicles, which is both environmentally and fiscally unsustainable. So, the introduction of car sharing technology typically increases fleet utilization, while reducing fleet size, increasing vehicle choice, and enhancing customer service.

"The technology automates the administrative rental processes and ensures accurate billing," Six said. "Green fleet vehicles

## OTHER 'GREEN' STRATEGIES

Car sharing is only one way fleets can be sustainable. Fleets can also find green and financial benefits from:

- **Route optimization:** Route optimization involves determining the shortest, most economical route for a vehicle to travel between two points. Effective route planning can maximize fleet vehicle usage, which improves productivity and negates the need to add more vehicles to meet increasing demand.
- **Minimization of fuel usage:** To minimize fuel usage, fleet managers must be able to effectively monitor it. Unnecessary miles and excessive idling should be eliminated since every gallon of diesel burned pumps over two pounds of GHG into the atmosphere, and idling uses a gallon every hour.
- **Scheduled fleet maintenance:** Performing regular, scheduled maintenance can ensure that your vehicles are as efficient and environmentally friendly as possible. Keeping vehicles properly serviced allows you to monitor and minimize harmful vehicle emissions.
- **Promotion of efficient driving:** Drivers play an important part in minimizing fuel usage and contributing to an economical fleet. Aggressive driving, hard braking, speeding tickets, and unauthorized or after-hours use all mean additional carbon emissions and bigger fuel and maintenance bills, not to mention increased insurance premiums.

can be better cost justified in a shared application. Equipment sharing is becoming more popular and accepted as well."

One facet about operating underutilized vehicles fleet managers should consider: with an increase in fleet size comes more responsibility and costs. There are instances where organizations that seek leasing compared to owning their fleet will find that there are opportunities available to streamline their fleet needs, including solutions such as fleet sharing software, fuel management programs, maintenance management programs, GPS/telematics technologies, driver safety programs, and more, said Ryan Keller, national fleet share sales manager at FleetShare, a technological fleet-sharing program.

"These programs and services are all designed to provide maximum visibility to the fleet, including safety, maintenance, right-sizing the fleet, and all facets of the fleet," Keller said. His hope is that products such as FleetShare can relieve the administrative burden that pooled or shared vehicles present, with such benefits as key management, maintenance scheduling, vehicle location, driver ID, and much more.

In addition to automating rentals in the larger central pool locations, an increasing number of operations are looking at serving their remote, smaller buildings with vehicle sharing programs as well, Six said, adding

that interest in equipment pooling is rising steadily across industries.

But, one of the biggest challenges is the culture change of the drivers that have a hard time getting used to the idea of "sharing their toys." Six sees more of an interest from clients in INVERS' smartphone-based mobile reservation website as well as its iPhone and Android phone apps.

### Applying Car Sharing Tech

"Taking away assigned vehicles is not the key to going green," said Ed Smith, president of Agile Access Control, a mobile fleet software provider. "Using the most efficient vehicle for the job, providing tools for understanding how many occupants are in a vehicle versus capacity, and ensuring that all trips are business-related are important."

Most importantly, provide fleet staff with the tools to analyze use, Smith added.

Car sharing services are a possible solution to covering peak demand, but Smith would need some convincing to believe they are a cost-effective alternative to the car sharing technologies that are available to fleet managers today.

"Whether they are ultimately used or not, utilization data generated from car sharing services must seamlessly integrate with the fleets' other utilization metrics and reporting systems so that the benefits of such a solution can be understood. Often, these service-

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PHOTO: MERCHANTS FLEET MANAGEMENT

The technology-based program FleetShare, which offers benefits such as key management, maintenance scheduling, and vehicle location, is among the newer fleet sharing options aimed at relieving the administrative burden that pooled or shared vehicles present.

based sharing alternatives are limited in this regard," Smith said.

Car sharing does not need to be limited to cars. Many car sharing services can be seamlessly integrated into heavy equipment and non-passenger vehicles, Smith said.

"This results in more assigned vehicles and fewer shared vehicles," he added.

### **Saving Green While Being Green**

One of the benefits of using a car service, such as Zipcar, from a green perspective is that an organization's gasoline car isn't an ongoing expense, according to Rick Allen, vice president of sales at Zipcar.

"We have a membership that believes in car sharing because of financial reasons and its positive impact on the community," Allen said. "Businesses and organizations that operate in an urban setting in particular want to look at the cost structure of their existing fleets and see where there is a fit."

Many of Zipcar's members live in municipalities around the U.S., including large metro areas such as New York City; Chicago; Washington, D.C.; Boston; Seattle; Portland, Ore.; and many cities in California. While many of its participants are on the East and West coasts, Zipcar is seeing growth in Midwestern cities as well.

In New York City, former Mayor Michael Bloomberg credited the use of car sharing services for reducing the City's number of maintenance garages by 10 percent, saving City taxpayers more than \$415 million by 2016.

"We are committed to improving the mobility and sustainability of the market," Allen said. "It is what our members demand."

One of the reasons for this demand is the stated environmental impact. An October 2013 Frost & Sullivan study on car sharing in large European cities indicated that each car share replaces an average of 15 vehicles that are on the road. Car sharing also reduces the number of miles traveled by 5-10 percent per vehicle used in a car share, Allen said. This further reduces emissions.

The Frost & Sullivan report states: "The future of the car sharing market, however, will be determined by peer-to-peer (P2P) car sharing. Though only 18 percent of respondents seem willing to share their own cars, P2P car sharing has been growing rapidly since 2008, having recorded 100-percent growth between 2010 and 2011. As a result, the market is expected to have nearly 0.31 million vehicles in operation and more than 0.74 million members by 2020."

"The car sharing trend is catching on rapidly due to its convenience and all-inclusive nature," said Ricardo Moreira, automotive and transportation research analyst at Frost & Sullivan, a global growth consulting firm. "The deal clincher, however, is its cost efficiency, which was cited by 61 percent of the respondents."

### **Putting Car Sharing to Work**

Sam Aquillano, the co-founder and executive director of Design Museum Boston,

# Fleet response

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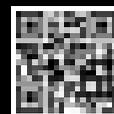
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## VEHICLE UTILIZATION

has run the numbers on whether purchasing a vehicle or using car services would work for his non-profit. Design Museum Boston does not have a stable, consistent location where it displays its artwork and other creative designs, so it is always “on the road,” moving items and people from one location to another.

“We have exhibitions and events all the time for a period of hours, days, or months,” Aquillano said. “But, we don’t have our own gallery space. We’re like a pop-up museum that our patrons will see all around the city.”

With a five-person staff, Aquillano used to have his team members use their own vehicles to move materials around the city. But, once he started using car services, the financial benefit — and convenience — was substantial. Aquillano was able to reduce vehicle owning and operating costs, including parking costs, insurance, and maintenance.

“I’m not sure that it is for everyone, but, really, none of us on the staff even have our own vehicles today,” Aquillano said. “It allows us to scale up or down as we need larger, smaller, or mid-sized vehicles. Vehicle maintenance in particular would be a challenge for us.”

Aquillano said that, as a non-profit in a big city, Design Museum Boston sees value in promoting itself as an environmentally friendly organization that pays attention to sustainability. He said the concept of “sustainability,” while not a primary goal of the museum, is part of his organization’s ethos.

“We’re actually proud that we don’t own vehicles, and we tweet things about sustainability quite often,” Aquillano said.

### Improving Efficiencies

Zipcar is also investing time and money in new technologies and innovations, not to mention research that uncovers trends and provides information on speed limits, miles per gallon charging stations, and more. The company, along with other car sharing services, works closely with OEMs to provide best testing strategies to further improve vehicle efficiencies.

“We’ve invested in more hybrid and electric vehicles (EVs) and plug-in electric vehicles for our offerings, and I would guess that trend will continue,” said Allen of Zipcar.

Hybrid and electric vehicles have rela-

tively similar maintenance costs overall, said Keller of FleetShare. However, hybrids and EVs will typically deliver less performance at a higher premium than a traditional drivetrain when comparing similar vehicle classifications in both hybrid/EV and traditional drivetrains.

Costs are much higher for hybrids and EVs versus traditional powertrains, and studies have concluded that the demand for hybrid and EV technology is far outweighed by demands for traditional powertrain, Keller said. He believes that the majority of consumers are unwilling to sacrifice overall performance of today’s traditional powertrains for a more costly hybrid and EV powertrain.

### Looking at Leasing

There is another alternative to the newer car sharing services: traditional fleet leasing.

Because a vehicle’s cost per mile (CPM) increases as the vehicle ages and accumulates more miles, the cost benefit of leasing long term versus short term is often realized when the end user receives expert FMC advice and consultation on their individual vehicle’s lifecycle time tailored to the term and application of the vehicle, Keller said. Vehicle depreciation, type, application, estimated annual mileage, and term are considered when choosing what term is best suited for the client, along with clients’ desirability of having the newest technology each model year.

Such new technology has its own cost benefits, such as use of manufacturer maintenance plans (which are typically short term and low mileage based) and enhanced mpg. Naturally, short-term leasing is recommended if a vehicle is expected to accumulate many miles in a relatively short period of time.

“Another consideration when choosing a suitable lease term is your company’s image, which is directly related to driver behavior and the condition/appearance of the vehicle,” Keller said. “The majority of clients who choose shorter term leases are those clients who have project-based vehicle needs for a specific time period, and seasonal clients such as summer camps, tour groups, ski resorts, colleges, and universities.”

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