

Wheels delivers client multi-year cost savings

Wheels approach to account support is to serve as a strategic business partner to each of our clients. Accomplishing this requires working closely with each customer, understanding its business and objectives and developing a plan focused on meeting those needs. It also requires flexibility—as business and economic conditions change, you need a partner that can react quickly and adjust to enable you to continue to run your business successfully.

When identifying savings opportunities for our clients, we review over 60 different cost drivers of fleet, looking for opportunities in each area and balancing them based on each customer’s unique business needs. We have summarized below recent results and future projected savings for a company that has been our client for over 40 years. As this information illustrates, finding cost savings and productivity efficiencies is our business model, not a one-time event.

Fleet Size:	4,000 Vehicles
Vehicle Type:	Sedans to Heavy Equipment
Industry:	Manufacturing

DOCUMENTED U.S. AND CANADA SAVINGS	
Direct Savings - Year 2	\$3,660,321
Productivity Savings - Year 2	\$1,378,400
Direct Savings - Year 1	\$2,147,946
Productivity Savings - Year 1	\$1,095,350
Total 2-year savings	\$8,282,017

Depreciation and fuel account for over 70% of a fleet’s spend. To help this particular customer achieve substantial savings, we developed a multi-year, multi-faceted plan aimed first at reducing depreciation. During a five-year period, we worked together with this client and reduced its effective monthly depreciation from 1.97% to 1.63%. This resulted in a reduction of \$73 per vehicle, per month over a five-year period—total lifecycle savings of \$3,000 per vehicle.

REDUCED DEPRECIATION SAVINGS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Wheels Sales: Cars	2.25%	2.07%	1.81%	1.82%	1.88%
Wheels Sales: Trucks	2.08%	1.89%	1.76%	1.77%	1.66%
Client Sales: Cars	1.52%	1.80%	2.21%	1.60%	1.60%
Client Sales: Trucks	1.31%	1.52%	1.31%	1.23%	1.27%
Average	1.97%	1.86%	1.76%	1.64%	1.63%

Wheels is utilizing several other key cost-saving strategies for this client, including analysis of each job application to identify where migrating into smaller, more fuel-efficient vehicles was appropriate; moving to a more strategic replacement schedule by job application; eliminating underutilized vehicles; and maximizing resale returns on each vehicle.

\$8.2 Million **IN SAVINGS**

Analysis revealed a substantial savings opportunity by moving from E350s to E250s for a segment of the fleet. This conversion will take place over the next six years, and as summarized in the chart below, it will result in savings of \$237,000 this year and \$1.4 million per year when the transition is complete.

MOVING FROM E350s TO E250s	
Year	Projected Savings
1st Year	\$237,000
2nd Year	\$475,200
3rd Year	\$712,800
4th Year	\$950,400
5th Year	\$1,188,000
6th Year	\$1,425,600

This change will also yield a fuel-efficiency gain of approximately 5%, which at current fuel prices equates to an additional savings of \$488,300 annually.

Using our proprietary technology, Wheels is able to identify drivers and vehicles that have the opportunity to increase fuel economy. We have developed a joint plan with our client focused on modifying driver behavior to increase fuel efficiency by just one MPG across the fleet. This small change will result in savings of close to \$2 million per year.

Through analysis of fuel and other vehicle-related data, we have identified approximately 200 underutilized vehicles and are working closely with the customer to eliminate them from the fleet. The projected savings from this reduction is over \$6,000 per vehicle—a total savings of over \$1.2 million.

We deliver these cost savings results while also providing superior driver care. Wheels manages most of the driver touch points directly for this client, including vehicle maintenance, fuel management, registration and general support through our Driver Assistance service. Our effectiveness in delivering superior driver support is evidenced by the survey responses summarized in the corresponding chart, which represent feedback from over 1,000 of this client’s drivers.

WHEELS DRIVER SURVEY RESULTS

	% Meets or Exceeds Expectations
I am satisfied with the service I receive from Wheels	97%
The people I call at Wheels are knowledgeable	97%
The people I call at Wheels are responsive	96%
I am satisfied with the current process for purchasing fuel	99%
The Wheels fuel card works at enough locations in my area	99%
I am satisfied with the overall vehicle maintenance service I received	96%
I was satisfied with the overall vehicle ordering process	91%

In addition, we have implemented plans to achieve further cost savings for our client. These opportunities will yield close to \$5 million dollars more in savings for this company:

NEW SAVINGS OPPORTUNITES

Opportunity	Potential Savings
Maximize Resale Timing (282 vehicles x \$200)	\$56,400
Replacement Optimization—replace vehicles within 85k for cars and 110k for trucks to avoid maintenance spend	\$1,422,194
Upfitting Package Change (150 vehicles x \$1,833—avg of 2 packages)	\$274,950
Increase Lessee Sales to 33% and charge \$200 over Wholesale Market Value	\$72,000

Achieving savings like this year over year requires a deep understanding of our client’s business and—most importantly—the role of each vehicle in the fleet. As our strategic partnership of over 40 years continues, this complex company has given us the ultimate

compliment by stating that we “have truly learned how to partner with them” and by renewing their contract with us in the wake of purchasing a new company. We look forward to continuing with them on their latest business venture and finding more ways to deliver savings and increased efficiencies for the expanded fleet.

ABOUT WHEELS, INC.

Wheels, Inc. (wheels.com), which pioneered the concept of auto leasing in 1939, provides a full range of specialized services to help organizations manage their vehicle fleets. Wheels manages more than 300,000 vehicles. At near \$2 billion, its holding company Frank Consolidated Enterprises currently ranks as one of the largest private companies in North America. For additional information, please contact info@wheels.com.

All data analyzed and provided by Wheels, Inc.