

Client reduces monthly depreciation spend by over 11%

THE CHALLENGE

Depreciation accounts for approximately 30-45% of a fleet's spend. One client's fleet team was given a goal to reduce fleet spend while maintaining the high levels of driver satisfaction with the program. This company had been a Wheels client for a number of years and its fleet team was well-versed in fleet best practices. Finding additional savings opportunities was not easy, as they did not have a lot of low-hanging fruit. To help this customer meet their goal, we developed a multi-year plan aimed at reducing their depreciation spend by focusing on a few key items.

THE SOLUTION

Reducing the client's depreciation spend required a detailed plan that addressed multiple facets of the fleet. The Wheels Account Team worked closely with the client to analyze the vehicle applications within the fleet and make strategic decisions on a vehicle-by-vehicle basis. Once this step was completed the multi-year, multi-faceted plan was put into motion.

Plan elements included:

- Identifying underutilized vehicles in the fleet, monitoring them over time and eliminating those vehicles from the fleet program that did not make economic sense.
- Migrating segments of the fleet to more fuel-efficient vehicles.
- Utilizing Wheels Vehicle Replacement Optimization tool to make the best replacement decision on a vehicle-by-vehicle basis.
- Marketing off-lease vehicles to drivers and employees at a price point over the traditional wholesale market.

Fleet Size:	4,300 Vehicles
Vehicle Type:	Sedans
Industry:	Insurance

THE RESULTS

Working together, the client and Wheels successfully achieved all of the plan's goals. In turn the company reduced its effective monthly depreciation from \$344.75 to \$306.28 per vehicle. This resulted in a reduction of \$38.47 per vehicle per month over a five-year period—total lifecycle savings of \$2,308.20 per vehicle.

DEPRECIATION TREND	
Year 5	\$306.28
Year 4	\$311.97
Year 3	\$322.76
Year 2	\$322.95
Year 1	\$344.75

\$2,308



SAVED OVER VEHICLE LIFECYCLE