



WHITE PAPER

Roadside Assistance Programs

Introduction

Many fleets employ a variety of tactics to keep their drivers and vehicles safe while on the road. However, even the best-maintained vehicles can experience breakdowns due to unexpected mechanical issues, roadway hazards, accidents or other mishaps. Many of these events require the need for emergency roadside assistance.

Vehicle breakdowns on the road impact both safety and productivity—therefore, it is necessary for such events to be handled as quickly as possible. And while there is never a convenient time to incur a breakdown or other event that necessitates roadside assistance, there are many factors that impact how a driver is supported through these taxing experiences.

In the following sections, we'll provide an overview of the roadside assistance industry and some of the variables that affect how (and how quickly) emergency roadside service is provided. However, despite these factors, 90% of the time, a service provider will be there within 60 minutes of being dispatched. We'll also review some ways you can be sure your fleet is prepared to ensure roadside service events have minimal impact on the safety and productivity of your drivers and their vehicles.

Industry Overview

There are a variety of organizations across North America that either directly or indirectly provides emergency roadside assistance services to their customers. Examples include new vehicle manufacturers, insurance companies, and extended warranty companies, as well as membership organizations like AARP and motor clubs such as AAA.

For retail consumers, motor clubs dominate the roadside assistance market. There are fifteen major motor clubs that operate in the U.S.; AAA is the largest with a membership of 51 million. These organizations utilize and manage a network of local service providers.

The tow and roadside assistance industry consists of approximately 50,000 small, individually owned, local operators. According to Hoovers.com, this portion of the towing industry is extremely fragmented, with the top 50 companies accounting for only about 15% of overall revenue. This relatively high level of parity means that small companies can often compete effectively with larger ones.

The industry experiences fairly high workforce turnover due to difficult and often dangerous working conditions, as well as demanding (and often times afterhours) work schedules.

Individual service providers get most of their work requests through a variety of referral sources and contracts. Sources include local and state government agencies (e.g. police and Department of Transportation), motor clubs, print/internet advertising, and agreements with local repair shops and business owners. Requests for service are typically handled in the order which they are received; however, police and emergency calls often take priority over standard civilian requests.

Towing requests are the most common source of work for most roadside assistance companies. Tire changes and jumpstarts are also frequently given reasons for service dispatches, with lockouts and other less common services accounting for the remainder.

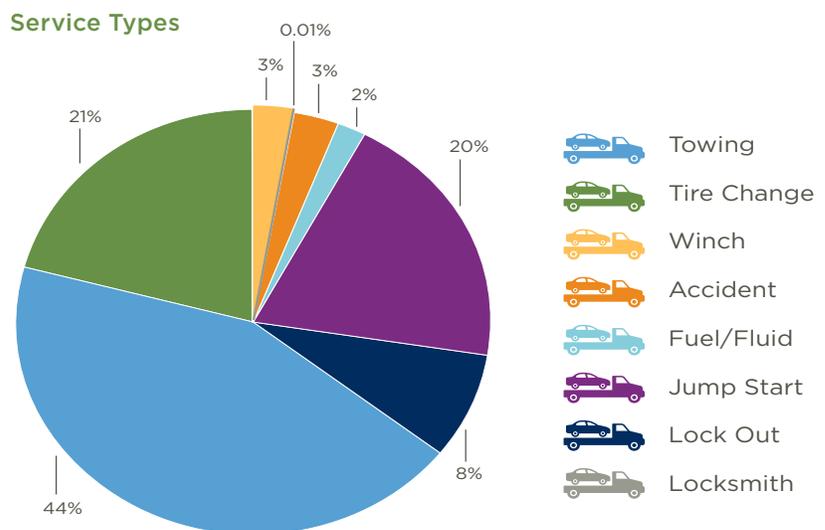


Figure 1 - Based on Wheels historical activity

Service Challenges and Variables

There are a number of variables that determine how and how quickly a dispatched roadside service vehicle will arrive at the scene of an incident. These conditions typically fall into one of four primary categories: Traffic Jams, Location, Weather and Service Providers. All of these variables impact the service providers estimated time of arrival (and actual time of arrival) to varying degrees.

Traffic Jams

Just like any other type of vehicle, tow trucks and other roadside assistance vehicles get stuck in traffic. Unlike regular vehicles, service units move at a slower pace which causes them to sit through more red light cycles, wait in longer lines at entrance and exit ramps, and incur other delays that slow them down even further.

Traffic conditions can be both predictable and unpredictable; regardless, they always impact the amount of time it will take a roadside service provider to arrive at the scene. Known conditions include rush hour, major sporting/social events or planned road construction. Many of these conditions can be mitigated with proper route planning; however, some cannot.

Unknown or unplanned events, such as accidents, police/fire emergencies or unplanned road/construction work. These situations are extremely difficult to anticipate and can be even harder to work around.

Location

Geographical challenges like mountains, rivers and coastal regions can make access to the disablement location more difficult. In remote or rural areas, service providers are often few and far-between, which can also lead to extensive wait times.

The manmade infrastructure of a particular area impacts service as well. For example, cities such as Pittsburg and New York are riddled with small streets and bridges which may not be accessible by large service vehicles, thereby forcing drivers to alter their routes.

Restricted roadways are roadways on which only government-approved service providers can operate. These roadways typically are in major metro areas and include turnpikes, toll ways, bridges, tunnels and other areas of major congestion. Local governments may restrict or limit access to tow and roadside providers within those areas. Therefore, service providers must bypass these roadways to respond to their own calls.

Long-distance towing is also a challenge. Besides the time it takes to tow the vehicle, the vendor needs to drive back to its point of origin, which ties up staff and equipment resources. This limits the availability of service providers to respond to local requests and results in a potential loss of revenue, which often means higher costs to the stranded driver. Longer distance towing also ties up service drivers making them unavailable for more complex tows, which require several hours to complete. Therefore, a driver may need to wait until the next shift to receive service for a tow. Moreover, some states require medallions, permits or vehicle inspections when crossing state lines, and there are a limited number of service providers with these credentials.

Roadside assistance needs in parking garages also pose challenges and impact response time. These tows require specialized equipment to access low-ceiling clearances. If the disabled vehicle in the parking garage has a four-wheel-drive vehicle thus requiring a flat bed tow, creative (and often time-consuming) solutions may need to be deployed to get the vehicle moved to an accessible area.

Weather

Severe weather conditions are one of the primary causes of service provider delays. Conditions like heavy snow, ice, floodwaters, high winds, mud, fire, low visibility and other hazards can quickly result from bad weather, thereby hindering service provider commutes or otherwise limiting access to stranded drivers.

Weather can also impact how quickly an available service provider is located. During severe weather conditions, the number of requests for assistance often exceeds the provider's capacity to service everyone quickly—or at all—in hardest-hit areas. Depending on the service provider's infrastructure, these situations can tie up many resources that the provider may even have trouble providing services in parts of the country that are not experiencing weather difficulties.

Moreover, local government or law enforcement agencies can declare emergency situations and mandate all drivers stay off the roads, even tow trucks. Even when such vehicles are allowed on the roads, the agencies will often require that service calls originating from them be given the highest priority, thereby limiting civilian access to roadside services even further.

Service Providers

The service providers themselves often maintain active dispatch staffs based on predictive servicing models. Contingency events such as sudden emergencies and bad weather often deplete readily available resources. This necessitates the need for secondary or tertiary staffing to be summoned. Moreover, small business service providers typically reduce staff on nights, weekends and holidays. During these periods, they may have only one vehicle operating, which could also be in police rotation. As noted above, tow requests from police or other government agencies are given precedence over civilian calls.

Another challenge stems from the very nature of the service vehicles themselves. Larger tow vehicles are less common due to the high degree of specialization and the price of the equipment, which can exceed \$500,000 per unit for some vehicles. Naturally, this means there are fewer service vehicles available and the ones that are available need to travel longer distances to get to disabled vehicles. The strain on these complex machines is immense they're often operated 24 hours a day, and often in extreme conditions therefore, the rate of disablement is much higher than that for a normal vehicle. And of course, on occasion, service vehicles themselves will get involved in accidents, further limiting their availability.

Most service providers are able to mitigate these inherent challenges to provide high levels of service. For car and light truck events, the target average ATA is within 60 minutes or less of being dispatched. On average, this occurs 90% of the time, but excludes areas experiencing severe weather or other events that are unknown or unplanned.

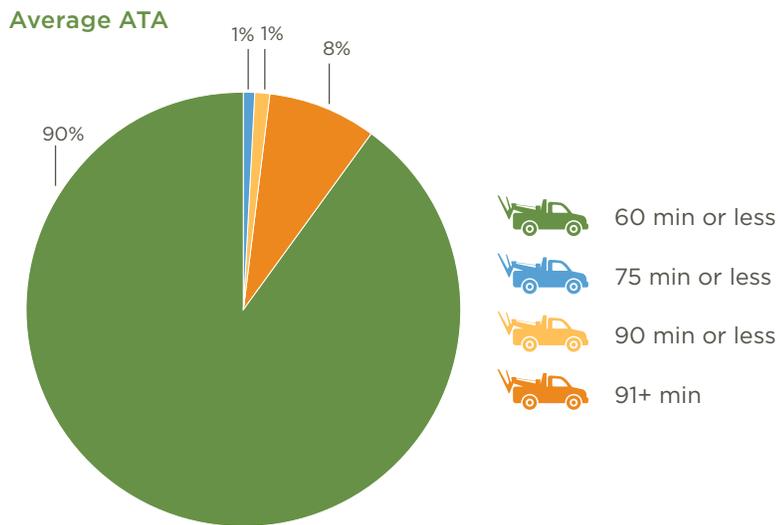


Figure 2 — Based on actual roadside assistance provider information

Prevention and Preparedness

The best way to mitigate the impact of roadway emergencies is to do whatever you can to avoid them altogether. A key first step is to keep your vehicles properly maintained, as such vehicles are less likely to break down or be involved in an accident. Important preventative maintenance activities include: performing oil changes at the proper mileage intervals, checking the battery, rotating tires regularly and ensuring tires are properly inflated at all times. Also, drivers should be encouraged to refill their fuel tanks well before they're empty in case access to fuel stations becomes difficult. Clearly communicate to your drivers the importance of proper vehicle maintenance, and closely monitor driver compliance with preventive service schedules.

You should also take care to ensure that only properly qualified drivers are operating your vehicles. Running motor vehicle record (MVR checks), establishing a fleet safety policy/training regimen and taking corrective action on risky driver behavior will go a long way to fostering a culture of responsible vehicle usage. In addition, drivers should always be actively encouraged to avoid driving in inclement weather or otherwise dangerous conditions that could put them at risk on the roads.

But even the most carefully-prepared drivers and vehicles will sometimes incur the need for roadside assistance. Therefore, all vehicles should include a safety kit that is customized for their location and vehicle. All safety kits should include a fully-charged mobile phone, flashlight with fresh batteries, booster cables, spare tires/tire jacks, flares or triangle warning devices and first aid supplies. Drivers who frequent rural and other remote areas should also carry blankets, heavy gloves, candles, matches/lighters, extra food and water.

It is also important to be sure that drivers are provided with instructions (including phone numbers) for whom to contact in the event that their vehicle does break down. In addition, ensure that any service agencies providing roadside services to your vehicles have established and monitored service level agreements (SLAs) or performance expectations for attentive service for your drivers.

Service Provider Process for Ensuring Optimal Performance

SERVICE REQUEST

- Ensure driver safety
- Gather information
- Evaluate situation and determine need

DISPATCH SERVICE PROVIDER

- Determine if service can be covered under manufacturer warranty
- Contact highest performing provider in area
- If vendor is not capable of performing service within 60 minutes or meeting drivers expectations, continue calling highest ranked providers until match is found
- If no providers are capable of timely service escalate to Supervisor for review of options
- Update driver with dispatch information

MONITOR SERVICE PROGRESS

- Monitoring service keeps track of an ETA
- Closed loop follow up with driver to confirm provider arrived at ETA
- Offer survey to driver to rate experience (used in vendor ranking)

Looking Ahead

Technology trends are sure to change the face of the roadside service industry, and may take a lot of the responsibility for getting help off of the drivers' shoulders. In fact, technologies already exist that allow for the use of applications in the dispatch systems to utilize various environmental details—including intersections, mileage markers, landmarks, restaurants, etc. to locate stranded drivers. Dispatchers also have the ability to go to a “street view” to look around for landmarks that the driver sees then can lock in the location in their system for an accurate breakdown location.

But the fact remains that while it is important to ensure your drivers and their vehicles are well-equipped to handle the demands of their commute, even the best-prepared fleets will face the need for roadside assistance every once in a while. And in case the worst happens, it is critical to ensure you are partnering with providers who are best able to provide attentive, prompt and complete roadside assistance for your fleet.

For information about Wheels Roadside Assistance, please contact a member of your Wheels Account Team or e-mail us at info@wheels.com.