Summary

Executive summary

Fleet management (FM) is an ambiguous term used in reference to a wide range of solutions for different vehicle-related applications. Berg Insight's definition of a fleet management solution is a vehicle-based system that incorporates data logging, satellite positioning and data communication to a backoffice application. The history of fleet management solutions goes back several decades. On-board vehicle computers first emerged in the 1980s and were soon connected to various satellite and terrestrial wireless networks. Today, mobile networks can provide ubiquitous online connectivity in many regions at a reasonable cost and mobile computing technology delivers very high performance, as well as excellent usability. All of these components combined enable the delivery of vehicle management, transport management, driver management and mobile workforce management applications linking vehicles and enterprise IT systems.

Commercial vehicle fleets play an essential role in the economy in the CIS and Eastern Europe, where several countries are part of important Pan-European transport corridors. The total of around 10 million HCVs in the region account for a major share of the inland transports. Motor vehicles are for example involved in about 70 percent of all inland transports in Russia. In Europe, medium and heavy trucks account for over 75 percent of all inland transports, forming a € 250 billion industry. Moreover, the greater part of the total 15 million LCVs in Eastern Europe and the CIS are used by mobile workers and for activities such as distribution of goods and parcels.

Berg Insight is of the opinion that the fleet management industry is in a long-term growth phase. Key drivers in Eastern Europe and the CIS include cost reductions related to fuel savings and regulatory developments such as ERA-GLONASS and the Platon electronic toll collection system which increase the awareness of telematics. The number of fleet management systems in active use in the region is forecasted to grow at a compound annual growth rate of 13.5 percent from 4.2 million units at the end of 2015 to 7.9 million by 2020. The penetration rate in the total population of non-privately owned commercial vehicles is estimated to increase from 16.7 percent in 2015 to 27.1 percent in 2020. The Russian market accounts for a significant share of the region's total installed base and is forecasted to grow from 1.9 million active FM units at the end of 2015 to 3.4 million units by 2020.

The leading FM providers in terms of installed base in the CIS and Eastern Europe include diverse players from a number of countries. Belarus-based Gurtam is the leading FM software provider, having surpassed the milestone of 500,000 vehicles under management in the region. Arvento Mobile Systems from Turkey and TechnoKom based in Russia are the first and second runners-up, followed by the Turkish provider Mobiliz and the Russian players Navigator Group and NIS (MTS). Additional players which have reached 100,000 fleet management units or more include SCOUT and Omnicomm which are both Russia-based. TomTom Telematics has moreover established a strong position on the market through the acquisition of a local Polish FM provider. The major international FM solution providers based in Western Europe, North America and South Africa have not yet reached top positions in this region. The truck OEMs Scania and Volvo as well as the aftermarket players Masternaut and Astrata Europe have however reached comparably large installed bases across Eastern Europe and the CIS, including varying degrees of presence on the Russian market.

The fleet management markets in Eastern Europe and the CIS are expected to follow the developments in Western Europe. Eastern Europe is already tracing the most developed European markets closely in terms of system functionality and service models. The major Russian solution providers have historically mainly served large corporations with standalone software systems which are paid upfront and hosted in-house, whereas subscription services traditionally mainly have been adopted by SMBs. Cloud services based on recurring service fees have however now become a greater focus also for major enterprise fleets on the Russian market and the domestic FM solution providers are increasingly pushing for a transition towards SaaS-based models. Another key trend on the European market is factory-fitment of OEM telematics, which is offered by most of the major truck manufacturers. The local Russian manufacturers have however not yet fully embraced this development and the OEM fleet telematics activities remain comparably limited in the region. The local vehicle manufacturers in the CIS market are also expected to gradually introduce proprietary telematics systems including vehicle tracking, remote diagnostics and other FM functionality, driven by regulatory developments and increasing competition from Western truck OEMs.