Mobility Blog

'Going green' without going into the red: TCO, data and our Green Scorecard solution

As the logistical barriers to electrification begin to fade away, many psychological ones still remain. A major obstacle is the belief that electrifying your fleet necessarily comes with significant financial burden. However, with the right approach, 'going green' doesn't have to mean going into the red. Anne Chidiac, Head of Clients Data Office, lays out the steps to successfully transition to electric, touching upon the importance of a Total Cost of Ownership (TCO) and data-fuelled approach and the benefits of our Green Scorecard solution.

How to approach electrification: switching from a monthly rental to a TCO approach

The concerns surrounding the financial implications of electrification arise from a misconception of its costs. As Anne explains, "a major reason electrification is not yet a norm is that too many still consider the transition through a monthly rental lens, rather than looking at the total cost of ownership (TCO)." Indeed, the monthly rental of electric vehicles (EVs) is often higher than that of ICE vehicles – but adopting a TCO approach will give you a more accurate assessment of the bigger picture.

"The cost of renting an EV is not the only factor which must be considered," maintains Anne. "Energy costs and utilization expenses also impact the overall cost of ownership. By taking into account the TCO, you'll realize that EVs often are the more economical option at the end of the day – if you get it right."

The challenge, though, is just that – getting it right. Most fleet managers fail to set clear limits on energy card and charging station utilization when initiating their fleet electrification. Anne identifies the management of energy as the key to a successful TCO approach, and one which hasn't yet been grasped by most companies. "Cost is not everything: you cannot control energy prices, but you can control how that energy is used and consumed."

A general lack of data is the major obstacle to energy management. Compiling data on energy consumption enables you to understand and monitor driver energy consumption. "Through quality and comprehensive data, a TCO approach can provide fleet managers with a general overview of fleet utilization and energy costs, its impact on profit and loss, as well as enable drivers to manage their budget," Anne confirms. "Data is the *golden source* to electrification."

How to manage your TCO: data as the golden source

With the emergence of new market regulations such as the WLTP norms, OEMs have opened their books to share more data in order to allow the formulation of correct TCOs. Rather than lack of data, therefore, it is a lack of quality and centralized data which stands in the way of electrification.

"Electrification is not tricky, but you have to be guided," says Anne. "Unless you have your own internal tool, you will not be able to calculate your TCO yourself. A provider can help compile and centralize the data, so that it can be adequately used to define your electrification strategy."

Anne refers notably to challenges encountered with managing fiscal calculations, energy consumption and CO2 emissions. Companies usually struggle to know the fiscal incentives and regulations of the various countries in which they are present, yet this is crucial to their fleet electrification. Energy consumption must also be considered at the driver level, something that Anne suggests is hardly considered: vehicles might have the same TCO at the company level, but these might vary considerably when taking into account driver utilization. Acquiring and centralizing data on these will provide a better understanding of the cost of electrifying your fleet.

"It is easier to compile data by using a single bank of data from strategy design to monitoring for all of your fleet to ensure a clearer overview of your fleet TCO," explains Anne. Our latest solution, the Green Scorecard, truly cements our consultancy offer to guide our clients in their electrification journey."

How to compile & centralize your data: our Green Scorecard solution

The key concerns of fleet managers, mobility managers and relevant stakeholders when it comes to electrification are: *How am I going to do this? And how much is it going to cost me?* Our Green Scorecard solution, acting as an end-to-end guide to electrification for customers, answers exactly those questions.

The Green Scorecard is a workshop and digital interface dedicated to providing customers with a comprehensive decision-making analysis, to help them make an optimal vehicle and fuel type selection for their fleet. "This solution enables you to test different scenarios real-time to rapidly see the impact of

vehicle and fuel type selection and associated costs," explains Anne. "This allows clients to optimize their TCO approach and CO_2 footprint by taking into consideration all the data relevant to the cost of electrifying their fleet and achieve sustainability targets without breaking the bank."

As highlighted by Anne, the Green Scorecard provides you with a realistic overview of the costs, which are complicated when being determined by a client alone. "When calculating your energy consumption, uplifts must be applied as the vehicle utilization to fully reflect true consumption patterns," maintains Anne. "This is a crucial asset of our solution. As well as providing clients with a theoretical (or predictive) TCO, which takes WLTP norms into consideration, we can also offer a realistic TCO, which includes uplift."

Acting as your guide to electrification, this solution helps you determine your sustainability targets, your TCO budget limits, and other considerations to identify the viable options and have a more informed basis to share with your stakeholders. Anne talks of a *vertical* rather than *horizontal* analysis of the options available, targeting rather than considering all OEMs and all vehicles. "This provides you with your own tailor-made path to electrification, a credible solution which you can present to your stakeholders."

The Green Scorecard is part of ALD Automotive's five-step consultancy journey, which offers a superior client experience by shaping your mobility policy according to your needs and requirements. The workshop can be conducted as part of the consultancy journey or done independently.

"TCO and data are the two pillars of reconciling sustainability with cost savings," explains Anne. "This solution provides a superior TCO approach through centralized data, allowing you to reclaim control on your TCO and CO_2 impact. If concerns about costs are holding you back from switching to electric, the Green Scorecard is for you!"

Anne Chidiac, Head of Clients Data Office

Find out more about our Green Scorecard solution *here.*

If you would like more info, please contact us: consultancy@aldautomotive.com

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