

One of the main drivers for electrification today? TCO optimization

24 February 2023 / Theme(s): All articles, Fleet Strategy



Macro-economic environment will remain challenging and disrupted; the Total Cost of Ownership (TCO) is rising dramatically, forcing fleet managers to rethink some of their strategies.

EVs help fight climate change, boost your corporate image, are a vital tool in the reach for talent: all true. But electrification today is racing ahead for a different reason: "One of the main drivers for electrification today is TCO optimization", says Amélie de Valroger, Head of Business Intelligence and Consultancy at ALD Automotive.

Inflation is high. Energy prices are high. What's a fleet manager to do?

"Fuel cost now accounts for up to 1/3 of TCO. Thereby, Fleet Managers should look further in improving their control over Energy Management. If we speak in terms of energy prices it's important to note that, although both fuel and electricity have increased a lot, your monthly fuel budget is much higher than your electricity budget if you charge mainly at home or at the office".

So, even with rising electricity prices, EVs are now a relatively better deal?

"It's difficult to generalize trends. But if there's one general observation to make, it is that in most European markets, EVs have reached or even surpassed TCO parity towards ICEs. In most cases, it's now cheaper to have a BEV than an ICE. And a PHEV? That depends on the tax situation in each country and how you charge it. But the main problem is that many fleet managers still use a monthly rental approach rather than a TCO approach and do not see the benefits of the electric transition".

Can you quantify that?

"If you want to save on cost, start by electrifying in those markets that have the right maturity, with the help of our Mobility Guide. ALD Automotive has developed a panel of tools to help you with your transition, such as our Green Scorecard (GSC), which provides a comprehensive decision making to automate optimal vehicle and fuel type selection for your fleet. Uniquely, the GSC integrates driver behaviour in its calculations, which give you a result in CO2 and in full TCO very close to the reality. It can reduce cost by up to 15%. We get amazing feedback on the GSC from our clients in France and the Netherlands. We'll be rolling it out in more European countries this year".

What else can fleets do to control cost?

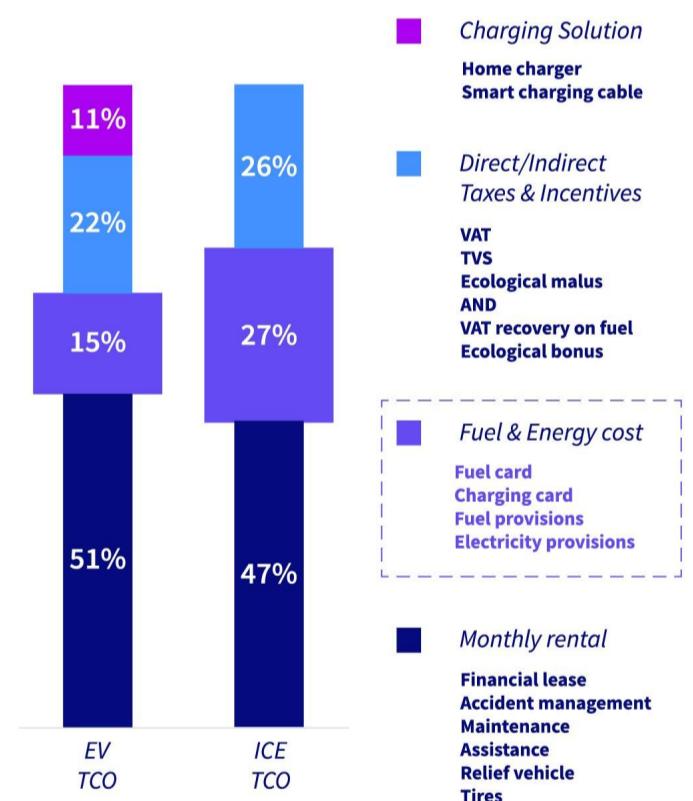
"After defining the right shape of the company fleet and mobility solutions: maintenance. It is linked to preventive maintenance, tyre pressure and improving drivers' behaviour, where small changes further the impact. And to do so, we can help in reviewing the mobility policy and set up the right guidelines".

What about the charging pattern?

"We have an Energy Calculator tool, which makes simulations depending on where and when you charge your vehicle and design the best charging infrastructure for your drivers accordingly. For example, by knowing when to charge to avoid peak period prices".

What's your best, shortest advice to fleet managers trying to see the forest for the trees?

"Go for electrification. But make sure you understand the various factors at play. Find the right partner. Focus on the cost of energy. And always base your decisions on facts and data".





Amélie de Valroger
Head of Business Intelligence and Consultancy
at ALD Automotive

For more information on ALD Automotive's consultancy services, get in touch via :
consultancy@aldautomotive.com

Access Fleet Europe e-book [by clicking here](#)

Tags: [Fleet Strategy](#) [E-mobility](#) [electric vehicles](#)

Related articles

- Unveiling the future of mobility at the Financial Times Future of the Car 2023
- "Beyond Rhetoric: Concrete Steps Toward Reaching Net Zero Emissions", discover the key takeaways from Global Fleet 2023
- EV revolution: introducing the comprehensive Electric Vehicle catalogue
- Setting the pace for electrification for international fleets: where and when to prioritise your efforts and budgets
- Unlocking electrification: How ALD Automotive and ChargePoint are building the future?