

Chapter 1: Have a Plan – Optimizing Fuel Purchases

Participants:

Paul Citarella, *Senior Vice President Sales & Marketing, FleetCor*
Benton Routh, *President, Fuelman Network*
Michael Smith, *Executive Vice President, Magellan Fuel*

Paul Citarella: So now we jump to idea no. 1 and have a plan and optimize fuel purchases. so the first thing that is really important is to examine the way you purchase fuel and to have a system that makes sure that you are smart about your purchases. And, that's why we call this fuel optimization. Basically, fuel optimization programs save you money by calculating the best way for you to purchase fuel along any given route.

And, the way it does this is by analyzing factors like the amount of fuel that's left in your tank at any point along the route; the price of the fuel at the locations along the route that you are traveling and the best places to purchase your fuel based on all those things. Different optimization programs can analyze different factors to come up with the data. But, the outcome is essentially the same. It finds the most cost effective way to fuel all along the route. For example, you might be driving from Texas to Oklahoma and it could actually be less expensive to simply buy \$10 worth of fuel near the Texas state line so that when you reach a cheaper location in Oklahoma you can fill up the entire tank. So this way, you are not saying, let's fill up the vehicle when we get 5 miles down the road and saying that filling up at the optimal time and not at the wrong locations where it's too expensive. And, also let's look at the stations that the drivers are going to. Are they using stations that offer good coffee and high prices or are they going to the ones that have bad coffee and low prices?

Benton Routh: Yep, we've all seen that, Paul. The best part about fuel optimization software is the flexibility in it. There are many optimization software programs out there; each has different options and parameters, so any fleet no matter the size of their business or the type of fleet can usually find the one that works for them. Also, these systems can integrate with your dispatch systems, in fact many dispatch systems offer this as an option or a feature of the dispatch system, so the fuel optimization can be optimized along with your dispatching. One more thing to note about optimization is that it is scalable. I see in our listeners today that we have all different sizes of fleets. So you can find the features and price that make the most sense for your business or government agency. Without having too many unnecessary features, bigger fleet doesn't necessarily need. Michael?

Michael Smith: You know, Benton, you are really on to something there. There's some real savings associated with these programs as a matter of fact, Fleet Managers that have implemented fleet fuel optimization program have reported savings of a \$1000 per year for every vehicle in their fleet. So whether you are operating two or two hundred vehicles you're getting a substantial percentage of your expenses back just from fueling up with a more comprehensive plan. Ok, so once you've got all of these fleet processes together, what's next?

Why don't we move on to another poll now? "Do you believe that fuel prices will rise in the future?" So let's put some limits on this and say "How many people believe that fuel prices will rise say in the next 12 months?"

So if early results are in, 100% of people – you know what? Now there will be a few more results trickle in but I think that this is consistent with our other research. We feel that other people have sort of been lulled into this, low price environment for awhile now and they feel that the price increase is on the horizon. So why don't we switch now to our next slide and our next topic; which is Freezing the market and talking about price protection.