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## **GPS-enabled fleet management firm taps \$15B market**

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by [G.W. Miller III](#)

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When Wayne Gregory was approached about using global positioning system technology to keep track of the trucks at the construction company where he was general manager, he said, "We don't have a problem."

Within weeks of installing GPS monitors in the vehicles, however, it became clear that the company could be more efficient.

"We found out that every truck would leave the office, go to Wawa and sit there for 12 to 15 minutes," Gregory said.

On an average day, the company ran 10 trucks with three employees in each vehicle. That meant employees were spending an aggregate 7.5-hour day at Wawa, or about 37.5 hours per week. Extrapolated for one whole year, it was roughly the cost of one full-time hire.

The workers were asked to alter their behavior and the company saved a lot of money because of GPS.

"It was an amazing resource for us," said Gregory, now the director of public works for the Borough of Norristown.

As GPS technology becomes more and more affordable and the applications for business practices grow, experts predict that GPS, which uses satellites in orbit to pinpoint locations and objects on earth, will become a major tool for a wide range of businesses in the coming years.

"The market is about \$15 billion right now," said Donna DeCarolis, faculty director of the [Baiada Center for Entrepreneurship](#) in Technology at Drexel University's LeBow College of Business. "It will be around \$22 billion in two years, and that is just for the hardware."

Stephen W. Johnson, vice president of business development for Mobile Management Resources (MMR), said that market penetration for GPS technology is only about 10 percent now.

"Within five years, it is expected to be about 70 to 80 percent," Johnson said.

MMR, a 3-year-old, privately owned fleet management solutions company in Moorestown, N.J., reached profitability in 2005 and tripled its gross revenue and client base, according to Johnson, who declined to give specific revenue figures.

GPS, or global positioning system, was developed by the Department of Defense, which operates the constellation of 24 satellites capable of observing just about every point on the planet.

The government provides free GPS data and use of the satellites to civilians. In recent years, companies have spun the technology into a major business-to-business tool.

DeCarolis said that Sears now has 11,000 appliance-delivery trucks worldwide using GPS. Chicago uses the technology to route snowplows. North Carolina's Department of Health has a GPS-based system in place to collect data and respond to major health threats.

"This is an emerging technology that has vast potential for business," DeCarolis said.

Johnson and his small team at MMR have partnered with technology providers to help companies with mobile workforces -- like construction, beverage distribution and waste management companies -- reach efficiency in routing, maintenance, fuel use and manpower. MMR also recently added a stolen vehicle recovery system.

"It can make the difference between being profitable or not profitable," said MMR CEO Craig Karasin.

Karasin was investigating GPS technology while working for a venture capital firm when he decided to get into the business himself in 2002.

Using the Internet-based navigational systems that MMR deals with, such as Navtrak, ArcLogistics Route and UPS Logistics, fleet managers can locate their vehicles 24 hours per day. They can determine whether the vehicles are turned on, their rate of speed, and when the vehicles are due for an oil change. Logs are created to detail when vehicles make stops, how long they stay there and when they leave.

"You can see who is making six stops and who is doing 15," Karasin said. "You can see who is pounding the pavement and who isn't."

The service allows companies to monitor the temperature of refrigerated units as well as check for locked doors. Companies can even find out what direction the vehicle is facing if it is parked.

The hardware for each vehicle costs between \$500 and \$700 through MMR, including installation. Monitoring costs between \$30 and \$60 per month.

"If you could just add one job per day or every other day, you pay for the technology," Karasin said.

Jack Williams, fleet manager for Kline Construction in Galloway, N.J., has been using MMR's navigational provider Navtrak on 77 vehicles since January. He watches every truck's move on a 42-inch widescreen monitor.

"When we first got it installed, we had a little fun with it," Williams said. "When guys were speeding, we'd call them and tell them they are driving 72 mph or whatever."

The company has seen financial benefits because it now saves on fuel costs, among other benefits. With gasoline prices expected to skyrocket in the coming months, fuel efficiency will help stabilize costs.

Williams said that most of the employees have embraced the system.

"The guys who are upset are the guys who are doing something bad," he said.

Karasin said that ultimately workers come to appreciate the service because it has a "panic button" feature in case of emergencies and it provides definite arrival and departure times. There is no more haggling with clients over billed hours, Karasin said.

Williams is so impressed by the service that he has recommended the technology and even given demonstrations to other companies.

Now that Wayne Gregory is in the public sector, he is trying to bring GPS technology to Norristown. By the end of the year, he is hoping to have 10 borough vehicles outfitted with GPS monitors to improve efficiency in street cleaning and snowplowing.

"You don't need trucks idling on the street corners," Gregory said. "You need them running to sites." Ultimately, he would like to have the borough's police and fire vehicles hooked up as well.

"The cost savings are tangible," Gregory said.

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