

Achieving Growth Milestones in Commercial Telematics

C.J. Driscoll & Associates estimates that over the last ten years, the North American Commercial Telematics Market has grown from approximately two million units in service to 6.4 million units. These include GPS fleet management systems, Driver Behavior Management Systems, Trailer and other Asset monitoring systems, and handset-based solutions for Field Service Management. Over this period, revenues of North American telematics hardware and service have grown from an estimated \$2 billion to \$5.3 billion, i.e. 265% growth. While a number of market segments are maturing, overall market growth remains strong and revenues are projected to reach \$7.5 billion by 2022. (Source: C.J. Driscoll & Associates' *2019-20 U.S. Mobile Resource Management Systems Market Study*)

The great majority of GPS fleet management solution providers in North America are small to medium-sized suppliers. However, over the years, approximately 28 GPS fleet management providers active in North America have reached 100,000 units in service. Three-fourths of these companies remain active in the market under their own brands, while one-fourth have been acquired and absorbed into the acquiring company's business. By successfully scaling their businesses, most of these suppliers have achieved significant revenues and profitability.

The strongest growth in the North American commercial telematics market over the last three years has been in the trucking sector, where the U.S. Department of Transportation has mandated use of Electronic Logging Devices (ELDs) to monitor driver hours of service by December 2019, in an effort to reduce accidents due to driver fatigue. Canadian authorities have issued a similar mandate. Over three million commercial trucks in the U.S. are impacted by this mandate. The majority of the active GPS fleet management suppliers with 100,000 or more units in service offer ELDs. Several have grown significantly based on their ELD offerings. Since the U.S. Federal Motor Carrier's Safety Administration (FMCSA) uses a self-certification process for ELD suppliers, impartial tests and performance in the field have confirmed compliance of some solutions with the mandate's requirements, while the compliance of some other solutions is still in question. C.J. Driscoll & Associates is currently conducting a survey of 200 U.S. trucking fleet operators to assess ELD adoption and compliance and a number of other topics.

C.J. Driscoll & Associates estimates that, over the years, 17 GPS fleet management solution providers in North America have achieved the milestone of 250,000 or more units in service. By the time a company reaches 100,000 units in service, it tends to attract attention from private equity firms and strategic investors interested in entering the market or enlarging their presence in the market. This has often been a key to achieving the next level of growth. However, a small number of the largest industry suppliers have hit the 250,000 units milestone through purely organic growth, leveraging the credibility they have achieved through reference accounts and overall recognition in the market. Some of these solution providers have leveraged early market entrance, superior technology, distribution, or the ELD mandate.

Despite the ELD mandate's pending deadline, it is projected that telematics revenue in the trucking sector will remain strong in coming years. Many small trucking fleets are experiencing the use of telematics for the first time and, going forward, will likely opt to add additional functionality, resulting in further market growth.

While the majority of the major commercial telematics solution providers were founded in North America, Europe, or other major markets, one country appears to have contributed disproportionately to the evolution of the market. While New Zealand represents a relatively small market for commercial telematics, the country stands out as a global innovator in this field with Navman (now Teletrac Navman), Telogis, EROAD, and Coretex all founded in New Zealand.

Clement Driscoll is the founder and president of C.J. Driscoll & Associates a leading consulting and market research firm focused on the global market for commercial telematics. Clem Driscoll is a graduate of the University of Notre Dame and has an MBA from St. John's University. He is a member of the Editorial Advisory Board of *GPS World* magazine. He has written numerous articles on telematics and LBS for leading industry publications. He is a noted authority on commercial telematics and is a frequent speaker at industry conferences in the U.S. and abroad. Mr. Driscoll has been the keynote speaker each of the last 15 years at the Connected Fleets USA Conference, the principal U.S. conference focused on commercial telematics. He has been quoted in *The Wall Street Journal*, *Business Week*, *Forbes*, *Fortune Magazine*, the *L.A. Times*, the *Washington Post*, and *USA Today*, as well as in many leading industry trade publications.

CONTACT:

Clem Driscoll
C.J. Driscoll & Associates
2636 Via Carrillo
Palos Verdes Estates, CA 90274
Telephone: (310) 544-5046
Email: clemdriscoll@cjdriscoll.com
Website: www.cjdriscoll.com