INDUSTRY BENCHMARK
Technology Industry

Consultancy Services LeasePlan International

March 2015

It's easier to leaseplan

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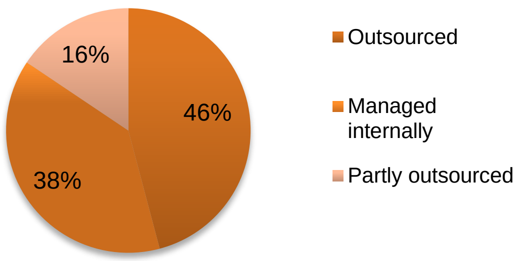
Introduction

With benchmarking, organisations evaluate various aspects of their company car policy and fleet processes in comparison to industry peers. This allows organizations to develop improvement plans or adapt specific best practices, usually with the aim of increasing the performance of the business. Benchmarking also often explains why certain organisations are successful. It may be a one-off event, but is often treated as a continuous process in which organizations continually seek to improve their practices.
In this technology industry benchmark we collected an extensive data set on car policy information from technological companies. Typically, these are companies active in IT (hardware, software and electronics), telecom and consumer technology. This report shows the consolidated results over the countries in scope. First, the characteristics of the benchmarked companies are explained, in order to correctly interpret the data. Then the benchmark data is shown and the different benchmark items are discussed.

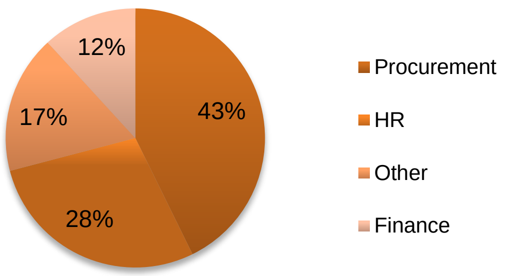
Characteristics of the benchmark population

This benchmark contains data from 119 different companies across 27 different countries. See attachment A for an overview of countries included in the sample. The benchmark is based on LeasePlan's data, LeasePlan's knowledge and client conversations data. The figure below shows the characteristics of the fleet management activities of the companies in this sample:

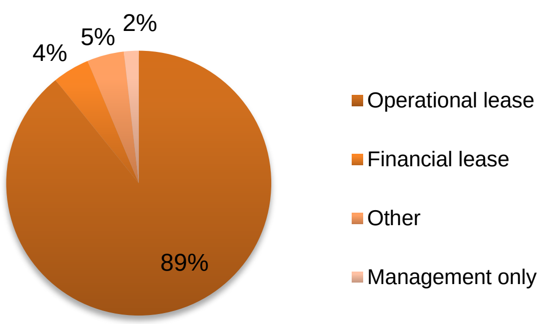
How is the fleet managed?



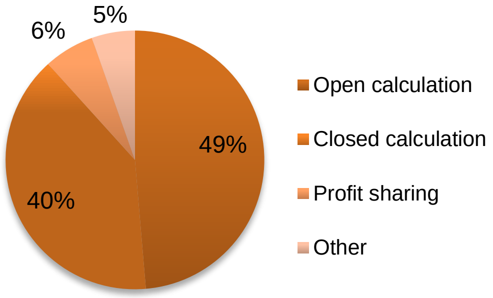
Who is the decision making unit (DMU)?



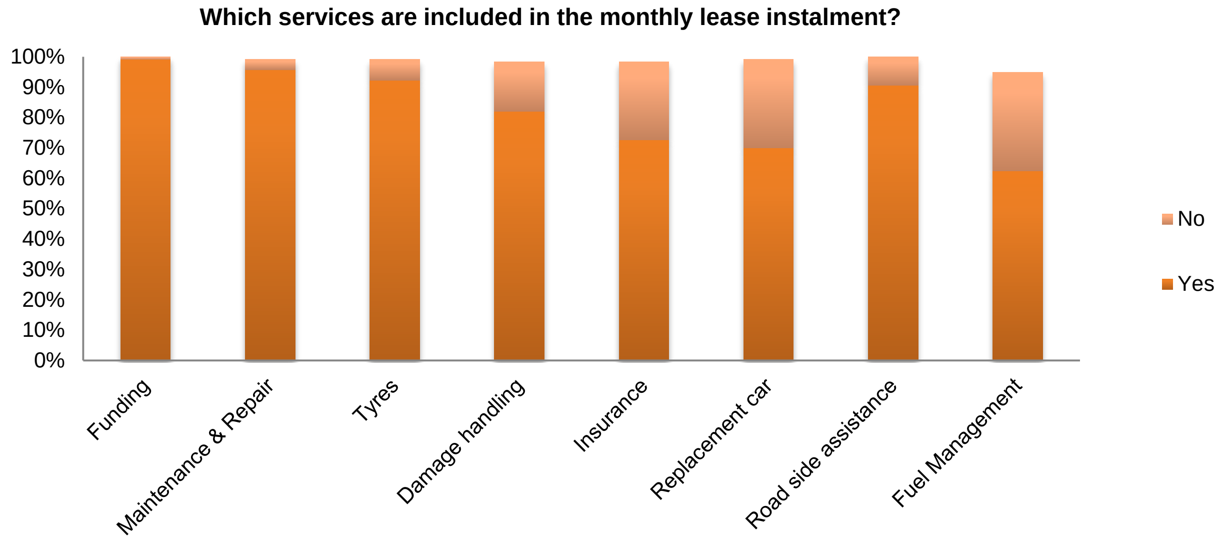
What is the method of acquisition?



What is their leasing product preference?



The majority (89%) of the sample companies use an operational lease for their fleet. This is reflected in the services that are included in the monthly lease instalment, with on average a high percentage of services included.
The following graph displays the services included in the monthly lease instalment measured in percentages. The replacement car (70%) and fuel management (62%) are services with the lowest penetration in the monthly lease instalment. RMT (repair, maintenance and tyres) has the highest penetration averaging 93%, after funding.



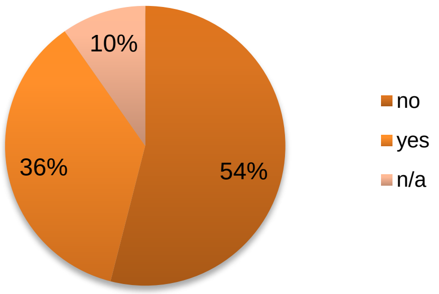
Policy benchmark

The company car policy was benchmarked on 9 relevant elements with in total 32 questions. These are discussed below.

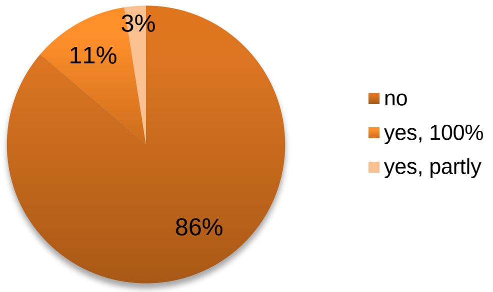
1. Car allocation

The allocation for perk cars is usually based on job grades. The lease amounts per job grade differ greatly per country and are not suitable for a consolidated benchmark. The car schemes offered by technological companies are in the most cases a ‘company car scheme’ only. A slight number of the companies in scope do offer a cash alternative, next to the company car scheme. The major share of these companies is situated in Europe. In India and Australia a salary sacrifice scheme is also frequently used.
65% of companies do work with a lease budget; the remainder have a fixed car per job grade. The car policy could allow drivers to trade-up or trade-down. See below the figures for the trade-up and trade-down percentages that are allowed for the drivers:

Is it allowed to trade-up?



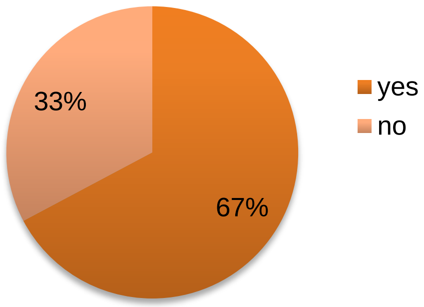
Does the driver receive the difference in cash in case of trade-down?



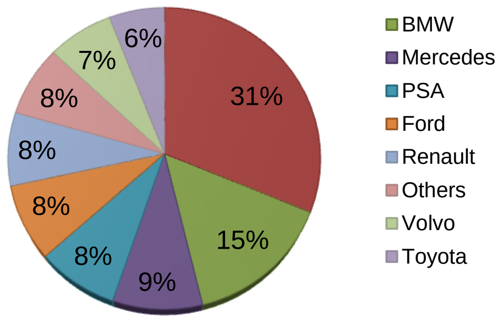
2. Car selection

Most of the companies (67%) work with preferred / restricted numbers of OEMs. The figure below shows the distribution of the preferred / restricted OEMs in the sample. Since multiple OEMs per company are possible, these numbers are relative in order to show the relative popularity.

Does the company work with preferred / restricted number of OEMs?



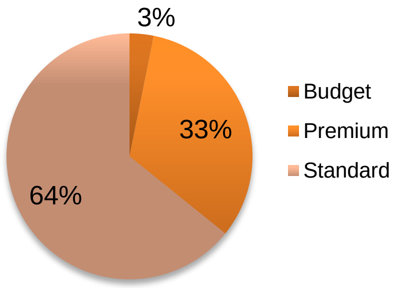
Which preferred / restricted number OEMs are in place?



Another aspect of the car selection is tyres. Most companies provide unlimited tyres (61%) instead of a limited set of tyres (39%) to the drivers.

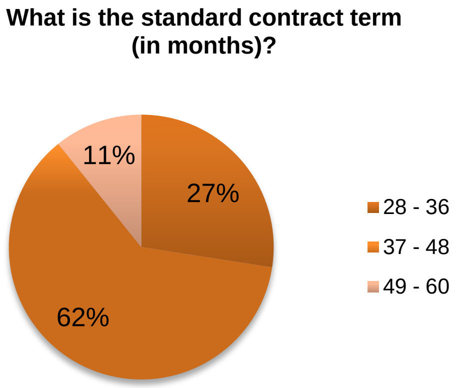
Furthermore, 64% of tyres are categorized as standard, whereas 33% use premium tyres as standard. The figure on the right shows the distribution between budget, standard and premium tyres:

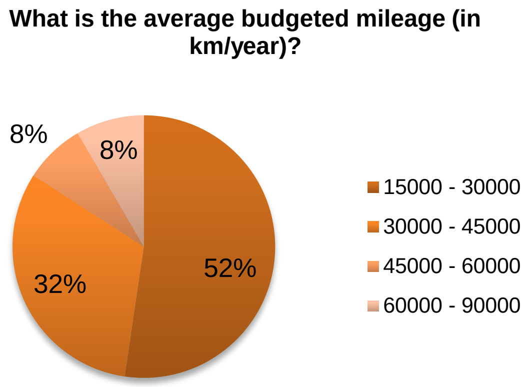
Which category of tyres are fitted as standard?



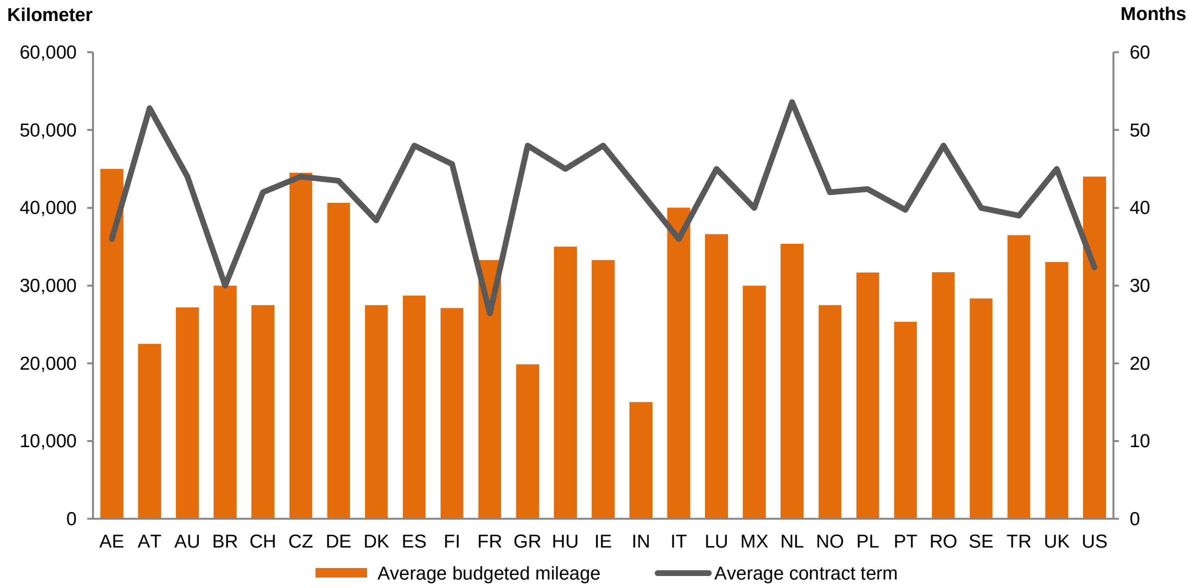
3. Contract parameters

The car policy typically contains the term and mileage parameters on which the new lease contracts are calculated. These (budgeted) term and mileage differ per country. The majority (62%) responded to be applying 37-48 months leasing contracts whereas 52% have a mileage of 15,000-30,000 km a year.





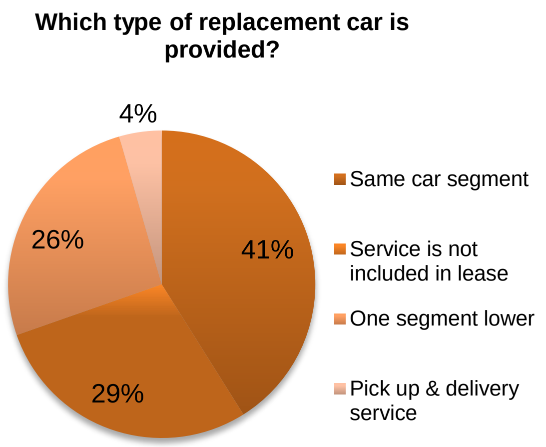
The figure below shows the average budgeted mileages (in km/year, in orange colour) and the average contract term (grey colour). The average contract terms of all countries are 43 months and 31.700 km/year:

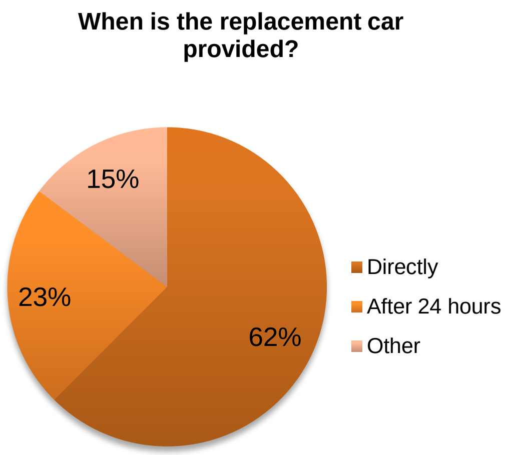


4. Replacement car & pool car

A replacement car can be provided to the employee when the employee is not able to use his / her own lease car. There are different policy choices for the type of replacement car and the timing of providing the replacement car. 62% indicated providing a replacement car directly and 23% guarantees a car after 24h. The figure below indicates the choices of the companies in the benchmark.

![LeasePlan]

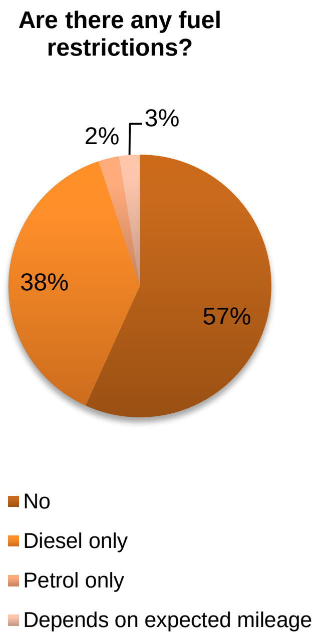


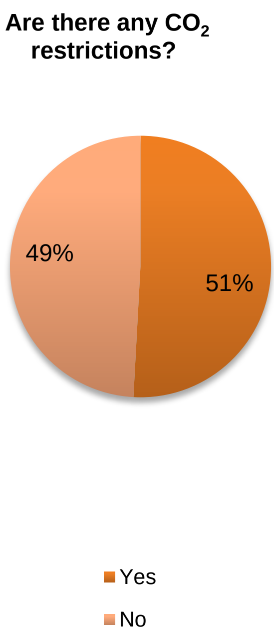


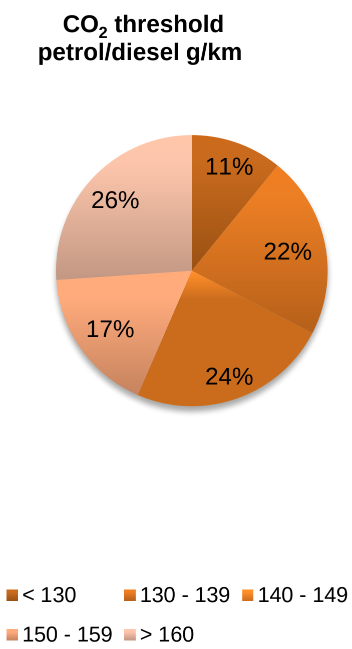
Next to the replacement car, a pool car is provided to the employees. A pool car is in this benchmark defined as: surplus vehicles (car or LCV) in a pool owned and/or managed by LeasePlan for a wider group of employees. 33% of the companies provide a pool car solution to the employees.

5. Restrictions for new car orders

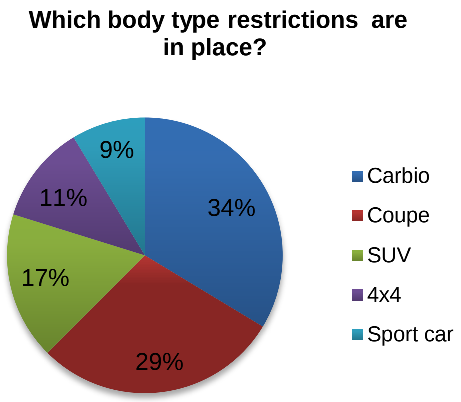
A car policy can set restrictions for new car orders, including fuel choice and CO_2 values. The majority responded to having no fuel restrictions at all (57%), whereas 38% allow diesel driven vehicles only. The figure below shows the choices and the distribution from the benchmark:







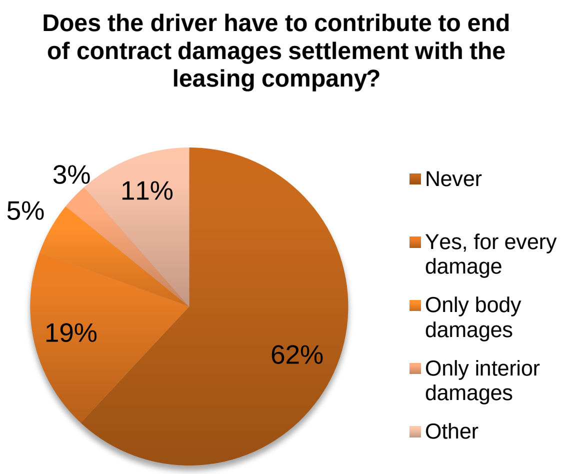
The figure on the right shows which body type restrictions are prescribed by companies. This refers to a type of vehicle which is not allowed to be used within the company e.g. SUV or sport cars. The numbers are relative again, since multiple options are possible.
Cabriolet, coupe and sport vehicles are the most common types restricted by most companies.

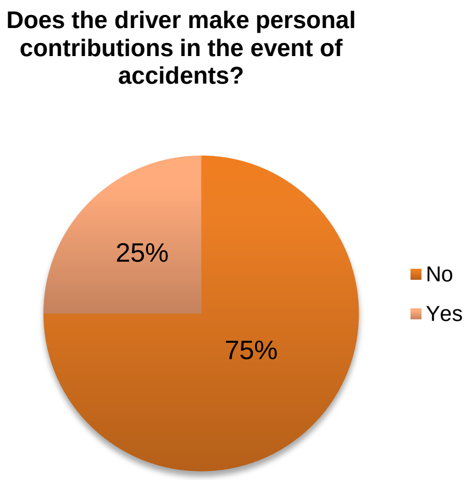


6. Costs payable by the driver

Any costs payable by the driver should be defined in the car policy. Examples are the payment for private usage, the end-of-contract damages and insurance deductible. 25% of the companies in scope charge the employees for private usage. This is the own contribution, e.g. fuel for private usage (and not their trade-up or Benefit-in-kind tax). Companies in Czech Republic and the Netherlands charge their employees for fuel for private usage, while in Denmark, Greece and Ireland drivers are not required to make an own contribution.

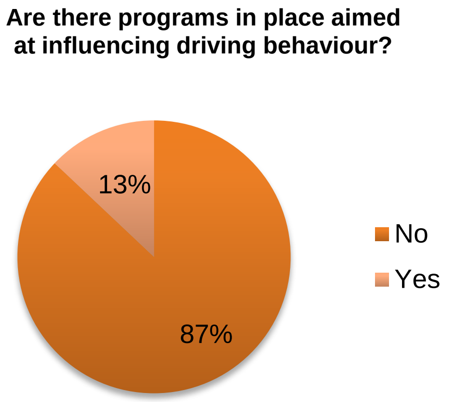
The numbers for the end of contract damages and insurance are shown below:

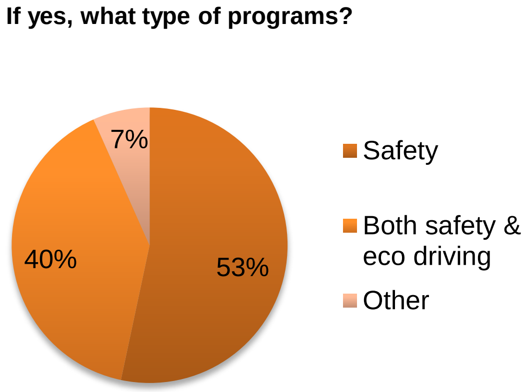




7. Driver behaviour

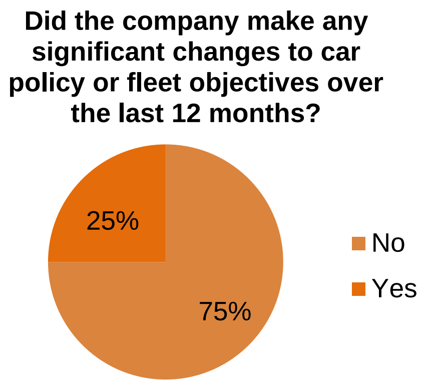
13% of the companies have programs in place aimed at influencing driving behaviour. These programs can have a focus on safety and safe driving or improving economic driving with lower fuel consumption as a result ('eco driving'). 53% of those companies that provide programs for driver behaviour have safety training in place. 40% of companies have both safety and eco-driving in place.





8. Changes in car policy

Today, change has become a fact of life in business. This has an impact on the car policy. LeasePlan therefore advises a review of the policy at least every 2 years. The figure below show the current change frequency in the policy documents:

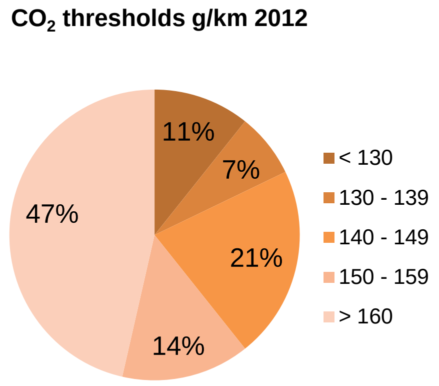


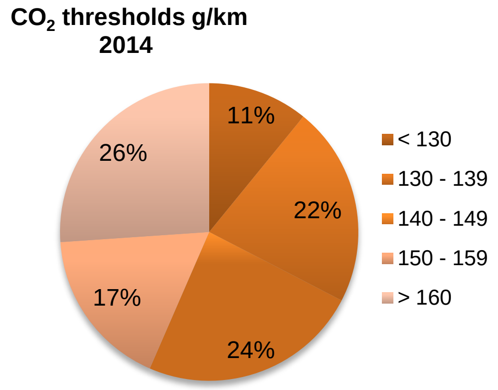
Policy trends

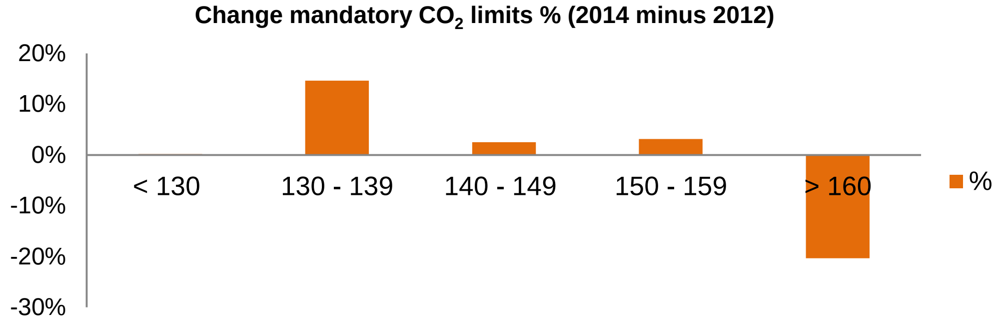
To provide a trend, several elements of the policies are selected and benchmarked against each other for a period of two years - 2012 until 2014. The elements that are compared over the years are: CO_2 emissions, preferred / restricted OEMs and average budgeted contract term & mileage.

1. CO2 emission

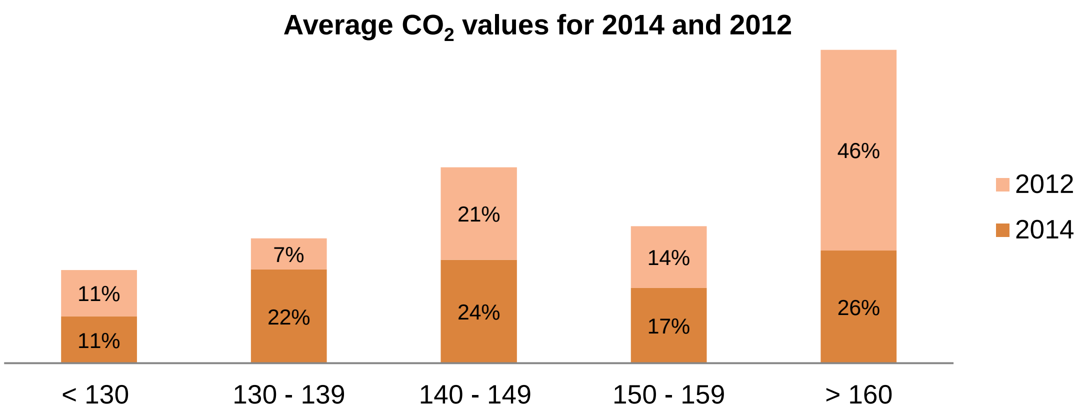
51% of the companies in the sample responded to be setting higher limits for CO_2 emissions in 2014, while in 2012 only 33% of the respondents were applying lower CO_2 emissions. Also, the maximum thresholds have become stricter. The following graphs show CO_2 values/standards for two periods displayed (% per category):





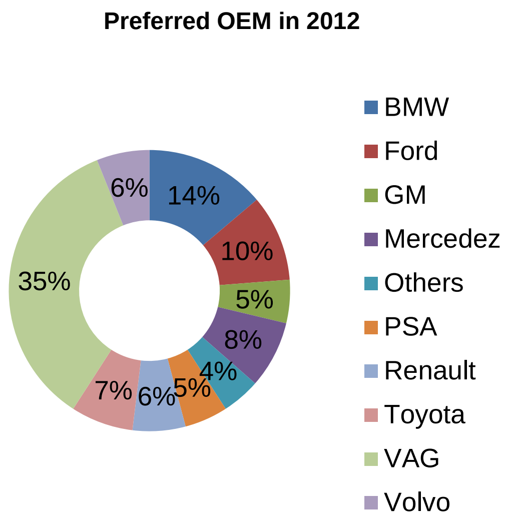


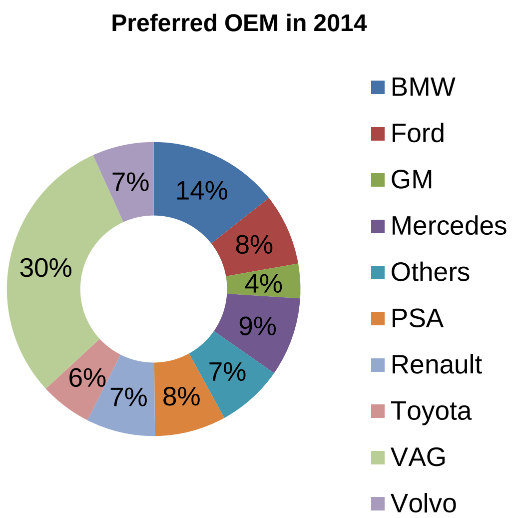
In the next graph, the average CO_2 emission values (budgeted values from the manufacturers) are compared for two years. There is a clear trend towards cleaner vehicles.

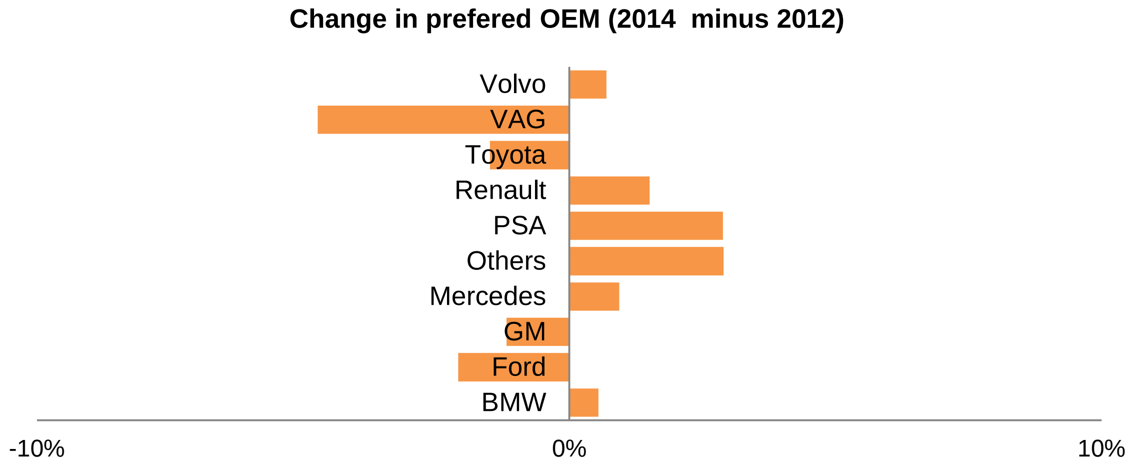


2. Preferred/restricted OEMs

With reference to preferred/restricted OEMs there are no significant changes over the years. A moderate decrease shows VAG group with a 5% decrease. Though VAG remains the largest preferred/desired OEM in absolute numbers in the sampled countries. The graphs below show the relative share of preferred OEMS expressed as percentage of a total population:





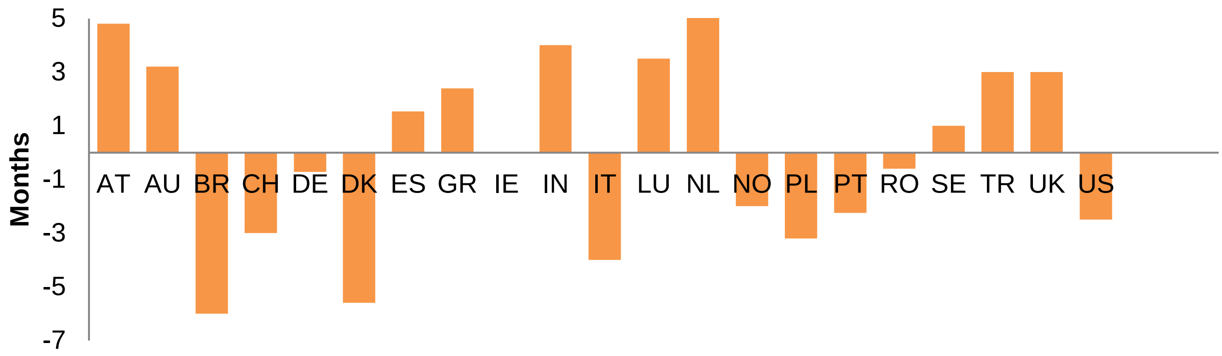


3. Term and mileage

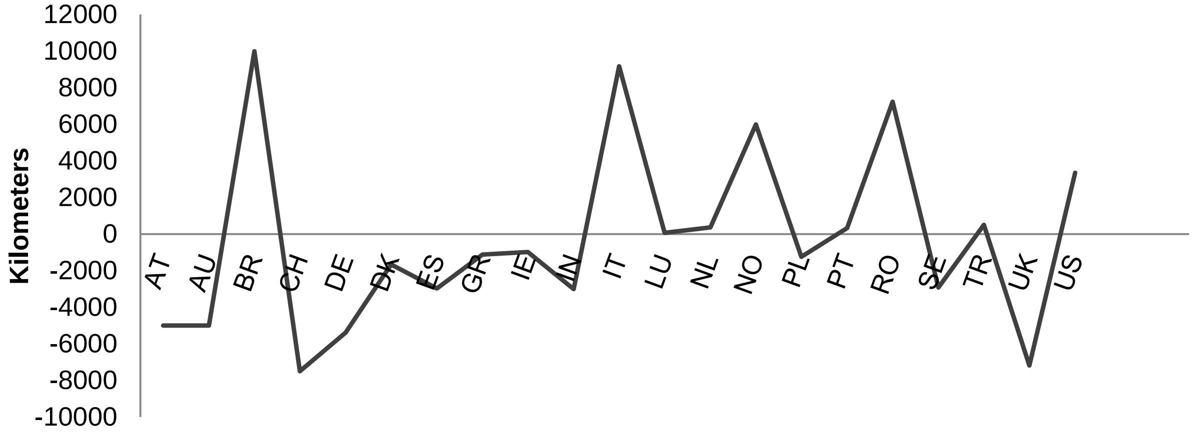
The trend shows that both the average contract mileage and contract term remained stable. In 2012 an average term in km annually, all countries combined, totalled 31,500km while in 2014 this was 31,700 km a year. The average budgeted mileage remained at 43 months in 2012 and in 2014 respectively.

The graphs below show an average change in term and mileage for two periods:

Change average contract term in months (2014 minus 2012)



Change average budgeted mileage in km/year (2014 minus 2012)



This benchmark report has been developed with the help of the Consultancy Services, which consists of a global team of experts and draws on more than half century of fleet and mobility management experience.

For more information please visit the website of LeasePlan International or Consultancy Services