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Driverless cars to transform society as much as the steam engine and smartphones



The Mercedes-Benz F015 - Luxury in Motion Driverless Car - is one of many being developed by traditional motor companies and others. Daimler AG - Global Communicatio

by Marc Sibbald

[Vehicles that can drive themselves](#) are expected to have the same impact on society as the steam engine, the personal computer and smartphones.

There will be numerous questions for governments, [insurance companies](#) and fleet managers in 20 years when autonomous vehicles are expected to become ubiquitous on our roads.

From July to December 2015 the NSW government collected around \$100 million dollars in speeding and red light camera offences. This was an increase on the \$89 million collected in the same period in 2014. Governments will no longer be able to rely on this form of revenue to fund other important programs when the cars are in control.

The profits of publicly-listed fleet management companies are linked to the number of vehicles they manage or finance for customers. Most are already using technology to develop value-add services to offset revenue that has been lost from customers as they adopt car sharing and pool fleets to reduce the number of vehicles. Autonomous vehicles will increase the pace fleets are reduced and revenue diminishes.

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Guy Steel, chief financial officer, WEX Australia, says adapting to the new world will be easier than most people think. Supplied

The technology could make fleet management expertise obsolete and open the door to competitors that can provide services that allow the vehicles to transact with fuel suppliers, toll roads and government agencies without human intervention.

Guy Steel, chief financial officer at WEX Australia, believes adapting to the new world will be easier than most people think.

"We have already seen a move toward autonomous activity with outdoor terminals, so it's not a huge step to get to a point whereby the transaction is fully automated. WEXPAY (our solution for non-fuel payments) is an example of this where the transaction comes via the web and the originating entity could quite easily be robotic. For WEX, autonomous vehicles offer the ability for a richer exchange of data and analytics to the customer."

PRODUCTIVITY GAINS

It has become such a talking point that ACA Research wanted to find out what fleet managers thought and what benefits autonomous vehicles would provide. Initial feedback found that half of the fleets they spoke with were not very familiar with the rapidity at which driverless cars were developing.

Steve Nutall from ACA Research says: "The more informed fleet managers are much more likely to think driverless vehicles will definitely become a reality in Australian fleets whereas the less informed are more likely to think this will not happen anytime soon."

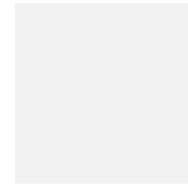
The research found that the top three expected benefits are improved safety,

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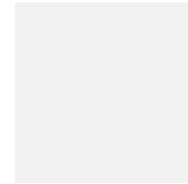
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enhanced driver productivity and lower fleet repair costs. The more informed fleet managers are more likely to regard these as the potential business benefits of driverless cars.

"At an overall level, customer experience improvements are ranked as the lowest business benefit," says Nutall.

The economic value of these benefits should not be underestimated. In particular the productivity gains valued in terms of time savings are potentially significant.

"Assuming the average Australian car driver travels 15,000 kilometres a year at an average speed of 60kph, each vehicle holds one person and there are 13 million registered vehicles on the road. This translates to 195 billion kilometres a year, equivalent to 3.25 billion hours," says Nutall.

"Let's conservatively assume that the value of time spent doing what you want in the car instead of not driving is \$2 per hour, this would imply \$6.5 billion of time savings every single year. That's before we value the cost of fatal and non-fatal crashes, so the sums quickly add up. It's therefore not surprising to see that some of our political leaders are getting excited about the future prospects of driverless cars."

Walter Scremin, general manager at OnTime Group, says "autonomous vehicles still seem a way off, but like anyone in fleet management we'll be watching the developments closely.

"Autonomous vehicles may add more efficiency and flexibility to fleets. The ability to provide deliveries at significantly lower cost will have a huge impact across the transport industry.

"Already delivery fleets are having to meet higher customer expectations driven by the likes of Amazon and Google. As concepts such as next day delivery, half day and one-hour delivery take hold the pressure is on everyone else to improve their service.

"Autonomous vehicles may play a role in reducing these delivery times but could be years away, which doesn't help the fleets which need to increase their performance now. Fortunately there are a range of efficiency measures fleets can put in place now to improve their performance and their service to customers – for example, outsourcing can provide more control over resources, and using technology to measure performance can maintain efficiency."

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