



**Author: Ryan Mossman**  
Vice President and General Manager  
Fuel Services

Ryan Mossman, vice president and general manager of FuelQuest's Fuel Services, leverages his years of experience applying technology and business process improvements to help energy, retail, commercial and industrial clients. He leads both of FuelQuest's outsourced fuel services divisions; Fuel Center and Alarm Management Systems (AMS). Ryan's FuelQuest experience includes leading large-scale supply chain optimization, technology and business process implementations at large fleet and energy companies including UPS, US Freightways, and Chevron.

Prior to FuelQuest, Ryan was a vice president of Spur Digital and founder of McKinley Powell, an IT consulting and strategic marketing firm for the oil and gas industry with an international client base, as well as a consultant for Accenture.

He has been published or quoted in many industry publications including National Petroleum News, Houston Chronicle, Dallas Business Journal, Transport Topics, Fleet Owner, Convenience Store Decisions, Aggregates Manager and International Fleet World. He has presented at leading conferences such as Distribution and LTL Carriers Association Management Conference, OPIS Fleet Fueling and NACS.

**Education:**  
*Master of Business Administration*  
*University of Texas*  
*Bachelor of Science Degree in Economics*  
*Columbia University*

## Fueling Business for Fleets

### A Fork in the Road: Take It

For companies that own their own trucks, fuel is a major expense. Whether keeping trucks rolling is your core business, or the fleet of trucks enables your business, any volatility in fuel costs can disrupt even the most careful operational planning. Budgets that over or underestimate fuel costs can skew company performance and profitability. In an era of demand destruction and increased competitive and pricing pressures, the option for fleets to "do nothing" regarding fuel management is gone. As Yogi Berra once said, "When you come to a fork in the road, take it."

Fleet executives are not novices when it comes to fuel management; terms like 'best buy' and 'strategic sourcing' are familiar. Many have tools and processes to support decisions along the fuel supply chain - even if they are manual. Some are not leveraging a comprehensive view of their fuel supply, potentially missing opportunities to capitalize on fuel market swings. For fleets, the fork in the road involves two options: 1) leverage internal resources and third-party software automation to optimize fuel management or 2) outsource fuel management to industry experts that utilize best-in-class technology to achieve results.

#### **Veering to the Right**

Option one, using an in-house procurement team, offers several advantages when the internal team is armed with automation tools to support their fuel decisions. Note the reference to fuel decisions, not purchases. With fuel management automation software, you can determine when to make 'spot' or contract purchases based on intra-day pricing. Automation also enables strategies like load shifting (moving a load scheduled for today until tomorrow if market prices are falling) to reduce costs. Another strategy is something called locational arbitrage or changing the sourcing location to a different one based on a price advantage. This can be particularly advantageous for locations midway between the two markets.

With automation, you have transparency of inventory and market prices to better support purchase decisions. Comprehensive fuel management automates tax and invoice reconciliation (supported with documentation) that prevents overpayment of suppliers. Additional benefits include reduced retains (when a fuel tanker shows up at your location and can't drop a full load because your tank is too full) and run-outs via a just-in-time fuel strategy.

One FuelQuest customer that uses our FMS (Fuel Management System) product is Swift Transportation. As a large truck load carrier in North America, they use FMS software to support their business - transporting goods for companies such as FedEx and Wal-Mart. As Joe Broski, Assistant Director of Fuel Procurement said recently, "Our requirements are not simple. Managing 16,200 trucks, 49,000 trailers, 35 major terminals strategically positioned throughout the United States and Mexico, and 12 transportation service offerings demands a proven fuel solution and a dedicated partner like FuelQuest. FMS supports us by allowing us to optimize our fuel purchases to reduce costs in one of the largest cost centers for our business."

### Veering to the Left

The second option - or fork in the road - is to outsource your fuel management entirely, or supplement your existing fuel team with external resources. Companies that either don't have internal fuel experts or that prefer to use their internal resources to focus on other areas may elect to outsource their fuel management. Outsourcing enables the same benefits that automating the supply chain affords, but you can also leverage industry experts that will get the most out of a fuel management solution (wringing out every last cent per gallon of fuel).

FuelQuest Fuel Center (the outsourced fuel management division) offers the combination of fuel industry experts powered with best-in-class technology to make fuel decisions for our customers. The technology we use is our FMS product. In fact, we often use the Fuel Center as a case study for FMS to demonstrate the high-impact results that can be achieved with the combination of experts and technology. Fuel Center reduces the impact of price volatility by optimizing and directing all fuel management activities - from supplier and distributor selection to invoice reconciliation. The FuelQuest team makes fuel decisions for companies like First-Group, Murphy Brown and Veolia Environmental Services.

One FuelQuest customer that partners with Fuel Center is Ben E. Keith Foods. John Fershtand, Director of Fleet Operations and Energy Management for the company, commented, "We're in the food business not the fuel business. By outsourcing our fuel management, we are able to focus on what we do best."

### Veering Right or Left

In August, the EIA reported that on-highway diesel fuel retail prices, which averaged \$2.46 per gallon in 2009, have averaged \$2.97 per gallon in 2010. EIA predicts an average of \$3.14 per gallon in 2011. The trend is clearly upwards, but within each year there is great volatility that makes planning and budgeting difficult. As such, fleet-based companies are facing a fuel management "fork in the road." In order to decide which road to take, executives must evaluate the following:

1. The current in-house resources: people (and their level of fuel expertise), processes, and technology.
2. The viability of hiring a team of experts and technology vs. a potential cost advantage from leveraging economies of scale via an outsourced provider
3. The business strategy: is fuel core to the business or an enabler?

Optimizing your fuel supply chain delivers business benefits, whether you choose to automate internally or outsource the fuel management function. With option one, licensed automation software, you get:

- Reduced run-outs, retains, invoice overpayments, and overall fuel costs
- Optimized fuel inventories and lower working capital requirements
- Streamlined procurement, delivery, and theft detection

With option two, outsourced fuel management, you get all of the above, plus the added benefits:

- Seasoned industry experts managing your end-to-end fuel needs from procurement to dispatch, to delivery and invoice reconciliation.

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- Centralized, transparent, and lowest-cost fuel procurement.

Regardless of which path you take when it comes to your fuel management strategy, the time has come to optimize your fuel decisions. After careful review of your corporate objectives, your internal resources, and your current fuel operations, it will become clear whether you should deploy a fuel management automation solution or outsource your fuel management. When you get to the fuel management fork in the road - keep in mind what Yogi said, "Take it."

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### About FuelQuest

Since its founding in 2000, FuelQuest has focused on reducing the cost of procuring and managing fuel for retail, fleet and transportation companies through innovative, technology-based solutions. Its Zytax subsidiary reduces the cost and improves the accuracy of indirect tax determination and excise motor fuels compliance for the energy industry.

Five Greenway Plaza, Suite 1310  
Houston, Texas 77046  
866.857.3835  
www.fuelquest.com

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