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## **Fleet managers can fight energy costs by streamlining fuel processes**

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The fleet industry is faced with a new reality of high fuel prices and unprecedented price volatility. However, fleet managers can capitalize on the market shift through a comprehensive approach to streamlining their fuel processes, says Matt Tormollen, executive vice president of the fuel management system for FuelQuest Inc.

FuelQuest provides Web-based supply chain management and tax automation technologies for suppliers, distributors, buyers and traders of petroleum products and other energy commodities.

Tormollen lists five key areas for fuel management:

- Spend analysis. Review purchase volumes, geographic distribution of demand, the fuel system infrastructure, fuel taxation regulation by location and invoice line items.
- Benchmarking. Assess overall performance compared to established industry averages. Also compare detailed fuel costs (by time series and geographies) to published fuel price index from OPIS and Platts.
- Supply strategy. Define alternatives that are mapped to business needs, logistics and geographic infrastructure.

"Changing a fleet's business model to acquire bulk storage or becoming a licensed fuel distributor can have a significant positive financial impact. Regardless, a rigorous evaluation of retail, wet hose, bulk and hedging strategy is required," Tormollen says.

- Contracting. Coordinate operations, accounting and legal teams. First, ensure that procurement has involved operations, accounting and legal and allow adequate time for the overall contracting process.

"Centralizing contracts with suppliers provides greater negotiating power," Tormollen notes. "In addition, business process requirements can be specified as minimum requirements to suppliers."

These requirements can provide the basis for subsequent automation steps and efficiency gains, he adds.

- Execution. Implement technologies and processes to minimize fuel sourcing costs, optimize routes and ensure billing accuracy.

"A comprehensive approach to automation will marry solutions at both a strategic and tactical level," Tormollen says. "Fuel management solutions enable sourcing at the lowest cost by geography among suppliers and automate financial reconciliation and tax compliance. Route optimization solutions minimize mileage and can suggest the least costly refueling options along a route."

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