

Fuel Quest Fuel Management Systems

What are the benefits of a fuel management system?

A fuel management system can lower costs of procurement and management of fuel. With a fuel management system, fuel managers and procurement managers are able to better capture and minimize true fuel costs by understanding demand patterns, centralizing supply contracts, determining best price on market versus contract, and reconciling invoicing and taxes – all driving out costs from throughout the fuel supply chain.

What is the main driver for petrol retailers to deploy such systems?

There are several things driving the need for fuel management solutions in the market of bulk fuel including the following:

- Volatility of fuel price
- Diminishing fuel margins for retailers
- Difficulty acquiring credit (and the high cost of credit) due to cost of working capital (inventory)
- Inability to manage OpEx budget due to fuel costs
- Difficulty accurately measuring true fuel costs within the supply chain
- Increasing costs and complexity in maintaining regulatory compliance
- Lack of automation which inhibits visibility into fuel purchases and practices.

What was the main driver for Circle-K to implement FuelQuest's FMS?

Circle K manages its fuel in different ways in different markets. In the West, they are primarily carrier managed. Circle K simply gives their carriers access to the FMS system on their behalf. In the East, on the other hand, they take a much higher management role by selecting where their product is sourced, how it is to be delivered, and when it is to be delivered. FuelQuest FMS solution enables them to do both of these scenarios seamlessly within the same application. Regardless of who is taking the detailed management role, FMS always works to deliver the most value to our customer's site. The application optimizes fuel levels by forecasting and scheduling orders that are always in the best interest of the Circle K.

FuelQuest also provides scalability. As Circle K has grown dynamically over the past 4 years they have never had to address infrastructure concerns. FMS is a hosted solution so the burden of hardware requirements and the associated support rest solely on our (FuelQuest) shoulders.

"Primary economic benefits are (1) Inventory control (working capital manage-

ment) and (2) Freight payment (control of payment to freight vendors)." – Jack Barger, National Director of Fuels, Circle K.

As the price of fuel has experienced somewhat of a yo-yo effect over the recent months, is there more need for retailers to take advantage of systems like FMS?

Fuel management systems will continue to provide reliability to customers who wish to counter high motor fuels prices and volatility especially as the specter of a recession looms.

For fuel retailers, externally, competition for the fuel pound is fierce, as retailers strive to create value for customers to create lifetime loyalty and profitable categories. Internally, the volatile fuel market makes it difficult for them to maintain fuel margins and provide predictability of operating costs. FMS provides an E2E fuel management solution that enables visibility into inventory and greater access to supply options with all fuel suppliers integrated into the FMS system. This greater visibility and integration to supply ensures not only better leverage to drive consistent and better pricing, but also enables more predictability in supply.

How much extra margin per litre/gallon do you predict your customers will achieve?

Has Circle-K achieved these margins?

Depending on the customer's level of sophistication, we typically deliver up to 6 cents of savings per gallon. Some customers like mining or transportation companies do not manage fuel for a living as Circle K does, but fuel is likely to be their number one business expense. These are the customers who can benefit from our savings of 6 cents per gallon. On the other hand, Circle K has professional fuel managers. The FMS solution through its efficiencies, delivers between 1 and 2 cents per gallon. This number may not sound big, but when you are managing literally billions of gallons, it really adds up fast.

From an end user point of view, what are some of the key points to consider for a thorough fuel management strategy?

Four key requirements of supply chain management: (1) Inventory control – ability to efficiently manage inventory replenishment to mitigate price risk and run-outs/retains. (2) 'Best buy' – sourcing at lowest 'net' cost while managing volume commitments associated with supply contracts. (3) Oversight of carrier performance – ability to monitor efficiency of

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FuelQuest Founder Appoints New President and Chief Executive Officer

Matt Tormollen

*Promoted to President and CEO,
Founder Rich Cilento to Become Chairman of
FuelQuest Advisory Board*

FuelQuest, the leading on-demand software and services company for the global downstream energy industry, announced today that Matt Tormollen will succeed Rich Cilento as president and CEO effective immediately. Formerly executive vice-president of the company's Fuel Management Systems business, Tormollen will



oversee all daily operations for FuelQuest. Cilento will remain a strategic advisor to the company serving as Chairman of the newly formed FuelQuest Advisory Board.

"We have great talent at FuelQuest and I've prepared the leadership team to accelerate the business to new levels. My confidence in the team's ability to execute makes this a perfect time to transition my role," said Cilento. "Matt's experience is the perfect complement to our already seasoned management team. He is very focused on expanding the value our customers receive from our solutions and driving the operational performance of our team."

With more than 23 years of software and solutions experience coupled with domain expertise in energy, transportation and environmental compliance, Tormollen was selected due to his proven track record of building and leading growth businesses, as well as spearheading technology and market development programs. Prior to joining FuelQuest in 2007, Tormollen spent 12 years as an executive leader in several successful venture-backed software companies most recently Pavilion Technologies, a world leader in biofuel production optimisation, now a Rockwell Software company.

"Since the day he founded the company Rich has successfully motivated the organization with his passion and leadership, enabling FuelQuest's portfolio of tax automation and fuel management solutions to become industry standards in the global downstream energy sector," said Tormollen. "Working collaboratively with our customers and partners, the FuelQuest team will continue to lead, innovate and deliver solutions that provide the greatest financial return to our customers through a culture of empowerment and accountability."

AGM of the PEIMF



The PEIMF held its annual general meeting on the 27th November 2008 at the Walsall FC Banks's Stadium. A well attended audience heard the retiring Chairman Steve Devine give an up beat review of the past year, paying particular tribute to the committee and its work throughout the year. He went on to say that the coming year may pose some difficult questions for the membership, now at a record level, in light of the credit situation in the country and abroad.

Frank Hare, General Secretary and **Insite** Editor, assured the meeting that the Federation was being well served both in the administration and magazine areas. With advertising being well maintained, on which the finances of **Insite** rely on solely, the next year looks very steady. Our web site continues to provide many enquiries from all over the world, for all sorts of reasons, many of which benefit the members.

Treasurer **Kathy Withers** reported a good set of financial results, again being very steady compared with last year.

Phil Monger our new Technical Advisor, delivered a raft of subjects that he had been involved in on behalf of the Federation. These included the Energy Institute Service Station Panel covering many subjects which will be posted on our web site for reference.

Terry Moody the Federation's representative on the UKPIA's PRNSG committee, which governs the SPA Safety Passport scheme and in particular related to the CSCS passport which has given rise to many column inches in **Insite** for over two years. Terry's and Mike Harding's (UKPIA) replies on this subject are on page 20 of this issue. The SPA Passport renewals were highlighted, noting the variations across the industry. Terry reported that a new training video was now available supporting the scheme.

The election of officers was completed with the existing committee being re elected and supplemented by **Richard Quarmby** and **Kevin Powell** who now join the committee.

The after lunch speaker was Peter Barlow of the PRA, who gave an illustrated talk on the complexities of the biofuels introduction into the market. This was an extraordinary talk, giving rise to a number of questions will affect our membership. A summary will be posted on our web site.

YOUR COMMITTEE



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Committee



Phil Monger
Technical Advisor



Frank Hare
General Secretary
and Insite Editor

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carriers and capability to assume 'control' where required. (4) Freight payment – efficiently process payments to carriers based on contracted tariff schedule with proper visibility of secondary charges. – Jack Barger, *National Director of Fuels, Circle K.*

Does the system provide benefits when buying fuels in bulk?

With a fuel management system, fuel managers and procurement managers are able to better capture and minimize true fuel costs by understanding demand patterns, centralizing supply contracts, determining best price on market versus contract, and reconciling invoicing and taxes – all driving out costs from throughout the fuel supply chain.

What about the issue of left-on-boards. How does the FMS address this?

FuelQuest has a best in class technology solution for left on boards, and coupled with its collaborative process, FuelQuest has demonstrated real, tangible bottom line benefits for customers experiencing left-on-boards and stock-outs. As an example, FuelQuest worked with one of its customers that were experiencing tremendous business challenges. This company had over 800 petrol stations relying on disparate systems to work in unison, and they found their staff reacting to hundreds of dispatch requests and compliance alarms daily. Additionally, left-on-boards and stock-outs were approaching an unmanageable level of approximately 6 percent of total loads. Through scalable technology and streamlined business processes, the result of FuelQuest's collaborative partnership with this partner enabled the company to dramatically reduced average left-on-boards from 100 to 30 per month – or from 5 percent to 2 percent of total loads.

From a customer point of view, how has the FMS changed your day-to-day operations?

N/A

Is the solution adaptable to the UK market to meet market specific requirements?

FMS is well equipped to handle the needs of the UK market, today and into the future. Competitive advantage can be built by growing fuel business with the confidence of industry proven solutions in use today by some of the largest retailers in the industry. Tens of thousands of retail forecourts use FuelQuest's solutions to drive lower costs and streamline operations. And FuelQuest solutions have the flexibility to be deployed in one operational area to get a quick win while laying the foundation for long-term improvements across the entire operation.

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