

Vehicle subscriptions - a new challenge to the old way of leasing cars

Are current technology platforms set up to manage vehicle subscriptions?

What is vehicle subscription and how does it work?

Vehicle subscription models offer long-term monthly or weekly, all-inclusive rentals (often including insurance, maintenance and repairs).

Vehicle subscription is a new kind of 'car lease', except it's not a lease against a single vehicle, it's a subscription – similar to a mobile phone service, with everything provided in one package for a single, monthly payment – and possibly for the use of multiple vehicles. The advantages for drivers are that they get all the benefits of car ownership (more accurate to say car "usership") but without the hassle of having to find finance, insurance, breakdown cover and pay for servicing, repairs and a road fund licence, or be limited to one vehicle type – why not have a car for the working week, and a different vehicle for the weekend?

The disastrous economic effects of the coronavirus lockdowns have made car buyers shy away from long-term financial commitments, like vehicle hire-purchase or leasing, especially as they may be less mobile (self-isolating or quarantining), or going forward, permanently working from home.

The increasing availability of vehicle subscription services also gives drivers the chance to try out new powertrains, brands, models and in-car technologies for a short time (longer than a test drive at least). Most car subscription services have a minimum time period of one month but it can be flexible. Often, it's renewed for another month or the vehicle simply returned. There's also no deposit or upfront payment required, which makes it an attractive proposition for cash-cautious, occasional drivers who enjoy using different cars for different purposes – an SUV in the winter months, perhaps, and a convertible in the summer, or maybe they want to try an electric vehicle for a while.

What does it mean for service providers?

Firstly, you need a fleet of vehicles from which customers can choose and even if you choose to specialise in offering just electric vehicles, for example, you're going to have to invest in different brands, body styles and get clued up on them.

This necessitates the development of fleet management capability, if you don't already have it, and even if you do, chances are your systems and processes are not optimised for managing a fast-paced, dynamic turnaround kind of business, which vehicle subscription is.

Let's look at contract termination as an example, in the car leasing world this would typically be executed over the course of a week or two (10 working days). With car subscription, this time period will have to reduce to a few hours or less – especially as you'll want to make the vehicle available to another customer as soon as possible. If you want to run a subscription business profitably, optimum utilisation is top priority. You'll also need to ensure the vehicle is well-managed to preserve its reliability, availability and overall asset value.

There are other fleet management elements to consider, such as:

- *Vehicle procurement – how are you going to manage the process of procuring the right vehicles (as many as you need), for the right price, and get them delivered on time, to the right location?*
- *Will you keep the subscription fleet separate from those you lease or rent longer term? Have you thought about how you'll manage these disparate carpools and account for them differently?*
- *Customer self-service and app management – customers will expect to be able to select, book and pay for a vehicle online and this will entail offering an app front-end. How will you manage the carpool in conjunction with this app?*
- *Legal requirements and compliance – how will you ensure drivers are legal and that their licences are valid? How will they sign documents online and unlock the vehicle on delivery?*
- *Will you be offering a membership-based service, plus monthly subscription payments or just the monthly subscriptions? How will you calculate the different subscription rates and manage these dissimilar payment options?*
- *How will you manage maintenance (regular and corrective) and alert the driver when it's time to bring the car in?*
- *How will you handle contract terminations "on the fly" in order to perform a quick asset turnaround?*

In fleet management, the processes of vehicle procurement and the way in which they are managed, directly impact profitability and long-term fleet costs. Improving the procurement process can achieve a true competitive advantage – and for that you need an optimised and dedicated fleet management platform.

Bynx contains a customised vehicle procurement module that enables control and visibility of the buying process to help maximise subscription profit margins. Reference codes, approved quote and vehicle configuration data, is automatically brought into the process and included in purchase orders and associated documentation. There is no need for re-keying, which makes it accurate, efficient and quick. The system also makes it easy for operators to identify preferred vehicle suppliers. **Bynx** is web-enabled and delivers a front-end application which can be used to allow permitted suppliers to login and update order statuses and obtain electronic POs. The whole process can be totally paperless.

Carpool management

You'll need a system to optimally manage your carpool, otherwise utilisation management will be compromised. **Bynx** CarPool enables better utilisation, management and tracking of your vehicle assets so it's easier to ensure they're in the right place at the right time for new customers. It offers a central carpool control, multi-location vehicle movement tracking, connection to GPS and telematics for route optimisation and monitoring, management of locations, drivers/customers, usage tariffs and billing and an integrated driver app. Using this app, customers can select, book and initiate the subscription online via a mobile device (smartphone or tablet).

CarPool also supports recurring bookings (that help promote customer loyalty) and multi-role dashboards. These could be for agents, customers and pool fleet operators. In addition, self-service portals, email comms and alerts, vehicle keyless entry, cancellations, late returns, re-scheduling and vehicle journey start and end (to record any undeclared fines, fuel or damage for charge back), makes it one of the most comprehensive apps available.

Driver checking/licence

With **Bynx** you can manage all processes involving drivers and this enables you to save costs, increase customer satisfaction, simplify billing, reporting and (importantly) adhere to compliance. Driver licencing details can be logged and system checked against licencing authorities, as can information about fines, conviction points and permits. Alongside booking vehicles drivers can login to **Bynx** to access their account details. The platform offers Fines management, a module that manages and processes fines, charge backs and payments. The system then logs these details for future reference, and (if applicable) can record distances travelled for tax purposes.

Digital signing

Importantly, given pandemic lockdown restrictions, **Bynx** facilitates digital signing. An electronic or 'digital signature' is a packet of information, captured by a digital signature system, that legally binds everything together: signatories, documents and intent.

To that end, **Bynx** has partnered with Adobe Sign (one of the most well-respected digital signature platforms) to ensure contracts and agreements are watertight. Not only does this provide reassurance for subscription providers but it's essential for legal compliance. Being able to sign documents online speeds up the process, strengthens security and adheres to social distancing policies.

Financial management and Billing

Over 3000 product and service rule definitions within **Bynx** enable you to define your own products and services. So, it doesn't matter whether you offer 12, 24 or 36 month leases, or 1, 2 or 3 month subscriptions – you define the most commercial and profitable and **Bynx** supports you in doing so. The impact your rules have on billing routines is handled seamlessly by **Bynx**' powerful billing engine. It delivers the flexibility to support a variety of charging configurations. Any changes or amendments to financial data populates throughout the system so it'll be immediately available in driver and vehicle records.

SMR (service, maintenance and repair) management

Bynx enables you to manage maintenance schedules, keep control of budgets and a firm grip on scheduled and unscheduled work. Using the system, you can define SMR supplier profiles, hold details of agreed rates and track location capabilities. Importantly, **Bynx** negates the risk of unauthorised or fraudulent maintenance invoices, they are stopped and flagged in the system for checking or investigation. **Bynx** manages authorisation robustly. Additionally, a supplier non-compliance register records and analyses infringement of SLAs (service level agreements).

Contract management and Termination

With **Bynx**, it's easy to invoke contract termination according to pre-specified rules or contract terms, such as excess mileage (if applicable). We also have a smartphone app for vehicles inspections so that any damage (outside of acceptable wear and tear) can be recorded and logged for recharging or an insurance claim (as applicable).

Vehicle subscription is set to make an impact as it feeds the two aspects of short-term demand and usership rather than ownership. There are many reasons to be excited about the concept as a way for car leasing and rental providers to claw back business lost to COVID-19. However, it demands new fleet management capabilities and the right kind of technology platform to underpin them. Subscription models are not the same as leasing and rental so a platform that supports only those will not automatically support the subscription model unless it has flexibility built in.

To talk to us about the flexibility of **Bynx** in terms of managing all types of vehicle offering method (leasing, rental, subscription, sharing and so on), [get in touch](#).