FLEET FUTURE

Issue 02 August 2021

FLEET OUTLOOK

Key dates for your fleet calendar

10 WAYS EVS ARE CHANGING FLEET MANAGEMENT FOREVER

INTERVIEW

Marco Lessacher, CEO, Alphabet International

Jason Chamberlain, sales and marketing director, Rivus Fleet Solutions

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bynx

The future of fleet and mobility management technology

Much has changed in the world recently and the way in which fleet and mobility assets are managed is no exception. Fleet management software platforms must also change to keep pace.

Our sector can't manage a new future using old technology

The **Bynx** fleet and mobility management platform continues to change too – delivering on our commitment to help you keep pace with industry demands. Some of the recent evolutions in **Bynx** are supporting these shifts and sector changes:

- *The electrification of fleets and management of EVs, battery charging, payments, EV fleet maintenance and EV TCO (Total Cost of Ownership).*
- *The move from vehicle ownership to usership, prompting a slew of new mobility initiatives, such as MaaS and TaaS.*
- *The need for more efficient and optimised carpool management, which MaaS/TaaS has spawned, including touchless vehicle pickup and return, remote unlock and better carpool optimisation.*
- *Vehicle subscription models and how they are managed.*
- *The demand from customers and suppliers for self-service options.*
- *The appetite for driver apps.*
- *Better, faster and more accurate vehicle inspections using mobile devices.*
- *Speedier, more effective accident management and processing.*
- *Improved access to and reporting of vital fleet data.*
- *The need for greater scalability and security.*
- *Greater structure in the way in which vehicle maintenance is optimised and administered for better TCO.*

Welcome

Welcome to the second edition of Fleet Future, the specialist insight series from Bynx looking at the latest developments in the fleet industry.

As the global pandemic eases and economic activity resumes, the fleet industry is experiencing rapid change.

There is pressure to respond to business growth with fleet renewal programmes and updates, but managers also have a strategic imperative to consider.

Over the next decade, fleets around the world will be reshaped by the switch to electrification, as diesel and petrol engines are phased out in a bid to reduce global pollution.

This creates significant challenges for fleet operators who must juggle competing priorities of supporting immediate transport needs, while creating transition plans for a zero-emission future, covering everything from vehicle supply to recharging infrastructure and driver training.

It is an unprecedented challenge that will require expert management and strong partnerships with suppliers to successfully adapt while still operating an efficient and safe fleet.

This issue of Fleet Future looks at some of the key challenges ahead, including the 10 ways that electrification is set to change fleet management forever.

We also hear from two companies that are playing a critical role in supporting change, Alphabet International and Rivus Fleet Solutions.

I would like to thank Marco Lessacher, CEO of Alphabet International, and Jason Chamberlain, sales and marketing director of Rivus Fleet Solutions, for sharing their insights with us.

As they point out, change is an opportunity to embed best practice and carry out a detailed review of the fleet to ensure it can adapt to future developments, while supporting business growth.

Enjoy the issue and I look forward to discussing the key themes when we can meet in person once again over the coming months.

GARY JEFFERIES
Sales and marketing director
Bynx

INSIDE THIS ISSUE

10 ways EVs are changing fleet management forever

By John Maslen

The fleet market is being reshaped by demand for electric vehicles, as companies shift away from diesel to new sources of power.

Demand for battery electric, plug-in hybrid and hybrid cars has risen so much that in the first quarter of 2021, alternatively fuelled vehicles outsold diesel in Europe.

Hybrid electric vehicles made up 18.4% of total passenger car sales in the EU, almost doubling their market share in a year, while battery electric vehicles made up 5.7% of all new cars; plug-in hybrids accounted for 8.2% of EU registrations.

Buyers registered around 146,000 battery electric cars between January and March 2021, along with 208,000 PHEVs and 470,000 hybrids, a total of 824,000 electrified vehicles, compared to 594,000 diesel registrations.

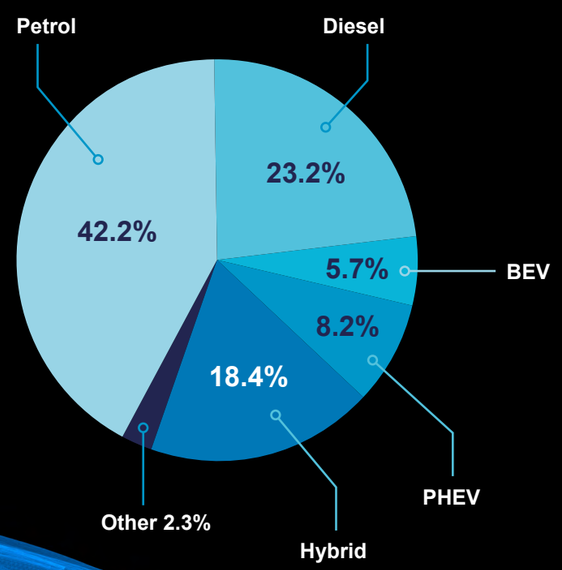
It was a similar picture in the UK, where buyers registered 58,000 BEVs and PHEVs, compared to 48,000 diesel cars.

This rapid transition is being driven by generous government incentives across Europe that make electric vehicles very cost efficient compared to internal combustion engines, reducing tax bills for drivers and companies alike.

But this new automotive landscape also means fleet managers face significant challenges, as they drive rapid change that will test business processes and require careful handling of suppliers and drivers to keep costs under control.

In this report, we look at the 10 key areas where electrification is set to have the greatest impact.

EU CAR SALES Q1 2021



1 Choice lists

The days of a fleet having a single fuel choice – diesel – are long gone.

Today, fleet managers can select from as many as eight different powertrains, all with slightly different properties (see panel)

In addition to pure petrol and diesel engines, there are several options that combine an internal combustion engine with varying levels of electric assistance, offering anything from one to around 50 miles of electric-only motoring.

Pure electric vehicles also offer differing levels of range, from 70 to more than 400 miles on a single charge.

The choice is greatest for car fleets, with hundreds of models now available, but commercial vehicle manufacturers will introduce many more EV models in the next five years; new electric-only van brands are also emerging, such as Arrival.

Fleets will increasingly need to introduce blended fuel policies, so they can allocate the right fuel to the right role during the transition to electric-only vehicles.

2 Fuel management

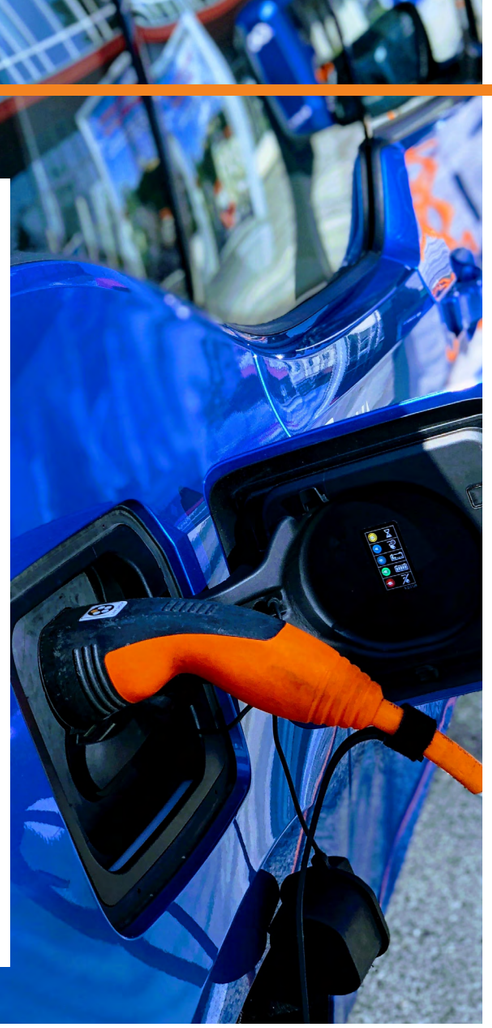
Controlling fuel costs was already a complex task when managers just had petrol and diesel costs to monitor, but recharging adds a whole new layer of complexity.

Firstly, a business needs to outline its recharging strategy. Key questions include whether there will be workplace charging and at which locations, if any, drivers will need access to public chargers. Companies also need to consider how they will support home charging.

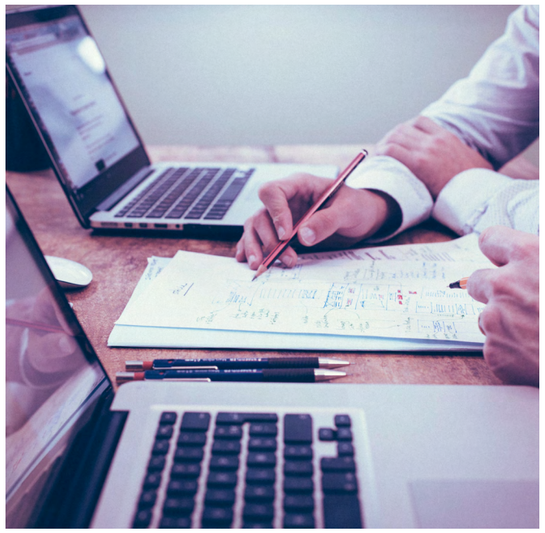
Unlike petrol and diesel costs, charges for electricity differ between home charging, fast charging, rapid charging, the type of network and whether a customer is a subscriber. Fleets can slash their 'fuel' costs by switching to the right electricity provider, but with the wrong plug-in approach, fuel costs per mile could be much more expensive than the equivalent petrol or diesel vehicle.

For example, an average diesel achieving 50mpg would cost 12 pence per mile in fuel. Electric vehicles average around 3.7 miles per kWh.

The cheapest provider charges 25p per kWh, so a vehicle would cost 6.7 pence per mile. By contrast, the most expensive network charges 69 pence per kWh, meaning fleets would pay 18.4 pence per mile.



3 Total Cost of Ownership



With a vast array of vehicle types and electricity suppliers, choosing the right vehicle is much more complex.

In addition, company cars have differing rates of benefit-in-kind tax for drivers, which vary by country.

For example, in France there is a driver tax exemption for vehicles emitting less than 20g/km of CO2, while in Germany there are tax reductions for BEVs and PHEVs based on their list price.

Other elements to consider include servicing costs and residual values or leasing rates.

To compare such a complex array of vehicle parameters, fleets will need to deploy Total Cost of Ownership much more extensively.

Total Cost of Ownership, otherwise known as Wholelife Costs, combines the entire cost of running each vehicle over its life on the fleet to provide a comparable figure, based on cost per mile or kilometre, that can inform fleet decision-making.

4 Residual values

Electric vehicles require a different perspective when it comes to residual values. While there is no engine wear and tear to consider, other factors come into play, such as the condition of the motor and the battery.

Every battery will lose charge as it ages, but some will deteriorate more than others depending on usage (see Battery management). This means that residual values are likely to differ more widely, as battery condition is easier to assess than engine wear.

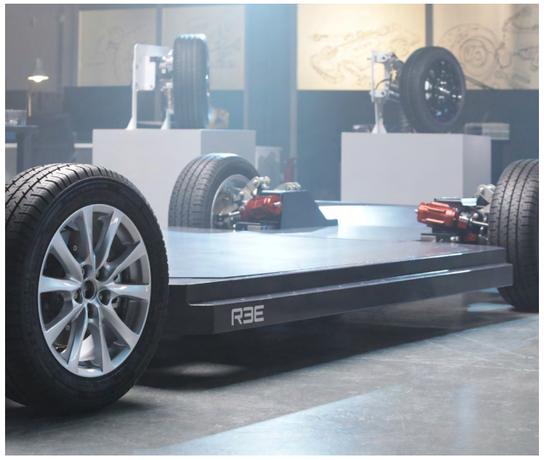
Furthermore, predicting residual values remains a challenge as the market for used electric vehicles is still being established.

5 Vehicle handover

If drivers are switching from an internal combustion engine to an electric car, the vehicle handover process must be thorough.

In addition to briefing drivers on any new technology, they will need to be guided through the differences between their current car and an electric vehicle.

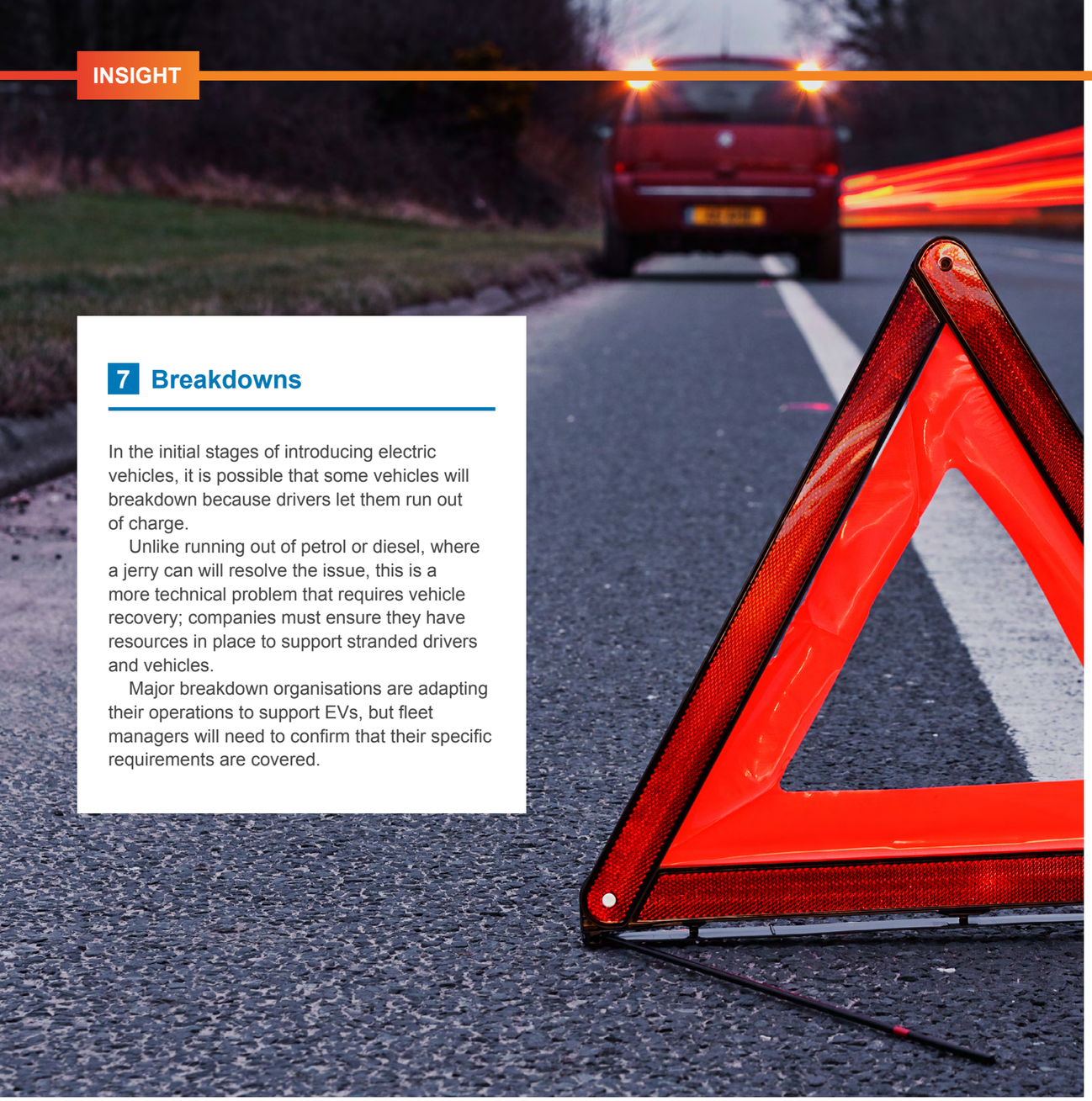
Drivers may be switching from manual to automatic gears, and they will be unfamiliar with regenerative braking. In addition, the dashboard instruments may be unfamiliar, and employees may need guiding through the recharging process.



6 Battery management

Electric vehicle batteries will hold less charge over time, but degradation can be reduced with careful management.

Fleet managers will need to ensure they monitor battery health and ensure that drivers know how to protect their batteries, for example by avoiding repeated rapid charging or allowing the battery to be run down completely. Careful monitoring of recharging cycles benefits drivers too, because it protects a vehicle's range, which reduces the frequency of recharging stops.



7 Breakdowns

In the initial stages of introducing electric vehicles, it is possible that some vehicles will breakdown because drivers let them run out of charge.

Unlike running out of petrol or diesel, where a jerry can will resolve the issue, this is a more technical problem that requires vehicle recovery; companies must ensure they have resources in place to support stranded drivers and vehicles.

Major breakdown organisations are adapting their operations to support EVs, but fleet managers will need to confirm that their specific requirements are covered.

8 Driver training

Driver training can support the transition to electric vehicles for two reasons.

Firstly, it ensures that employees know how to get the most from their electric vehicle, including how to change their driving style to maximise range.

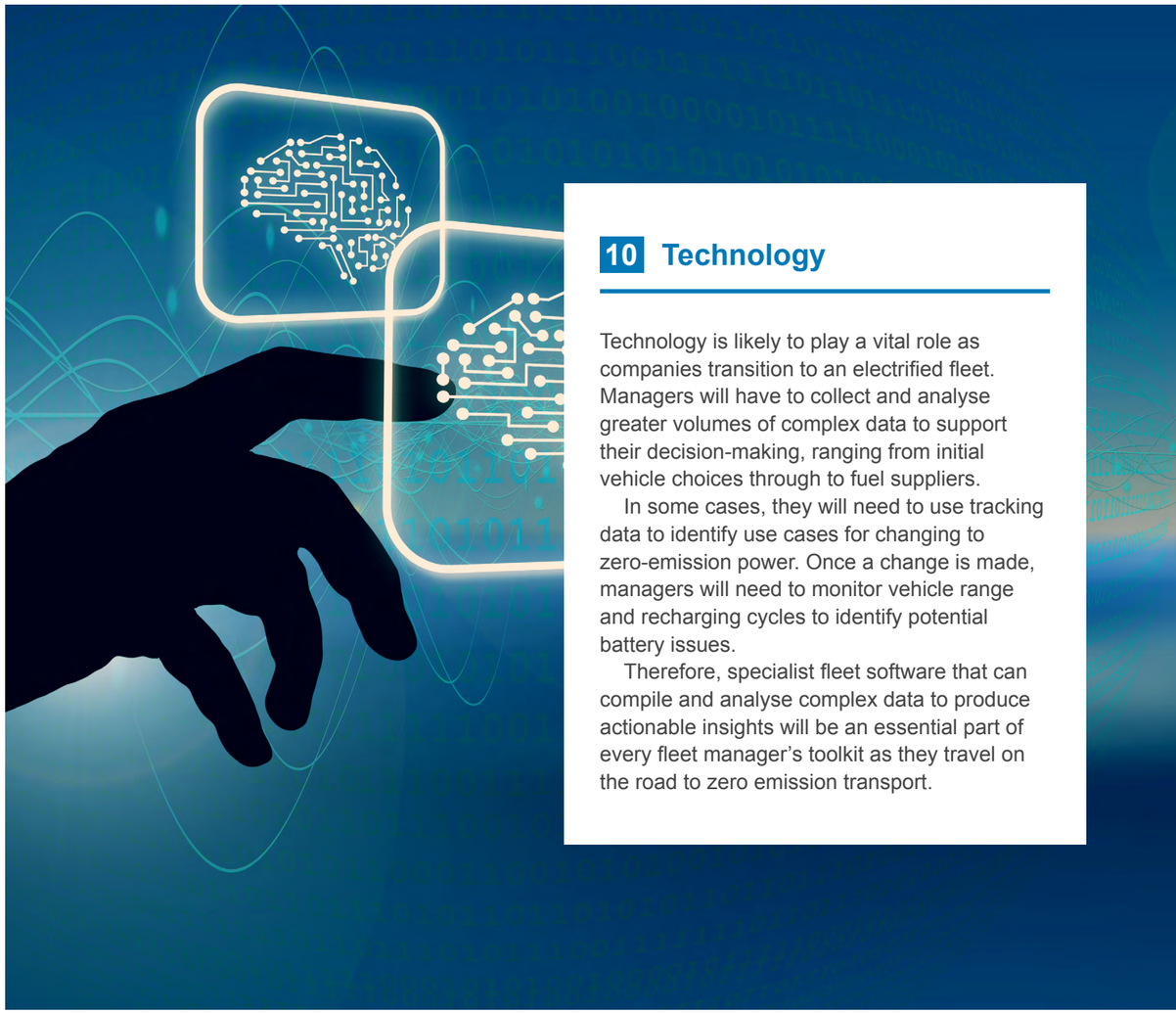
Secondly, it can equip drivers with safe driving techniques for urban or busy areas, so they are careful of pedestrians and other road users, who don't have an engine noise to warn them of an approaching vehicle.

9 Servicing

The traditional service cycle will change as electric vehicles join the fleet. Many filter changes, such as oil and fuel, won't be applicable and nor will the oil change itself.

However, this doesn't mean regular service bay visits aren't needed, as air filters will need changing and brakes will still need checking and replacing, along with tyres.

As there are fewer serviceable parts, fleets could also more easily introduce mobile servicing to reduce garage visits and downtime.



10 Technology

Technology is likely to play a vital role as companies transition to an electrified fleet. Managers will have to collect and analyse greater volumes of complex data to support their decision-making, ranging from initial vehicle choices through to fuel suppliers.

In some cases, they will need to use tracking data to identify use cases for changing to zero-emission power. Once a change is made, managers will need to monitor vehicle range and recharging cycles to identify potential battery issues.

Therefore, specialist fleet software that can compile and analyse complex data to produce actionable insights will be an essential part of every fleet manager's toolkit as they travel on the road to zero emission transport.

Expanding powertrain choices

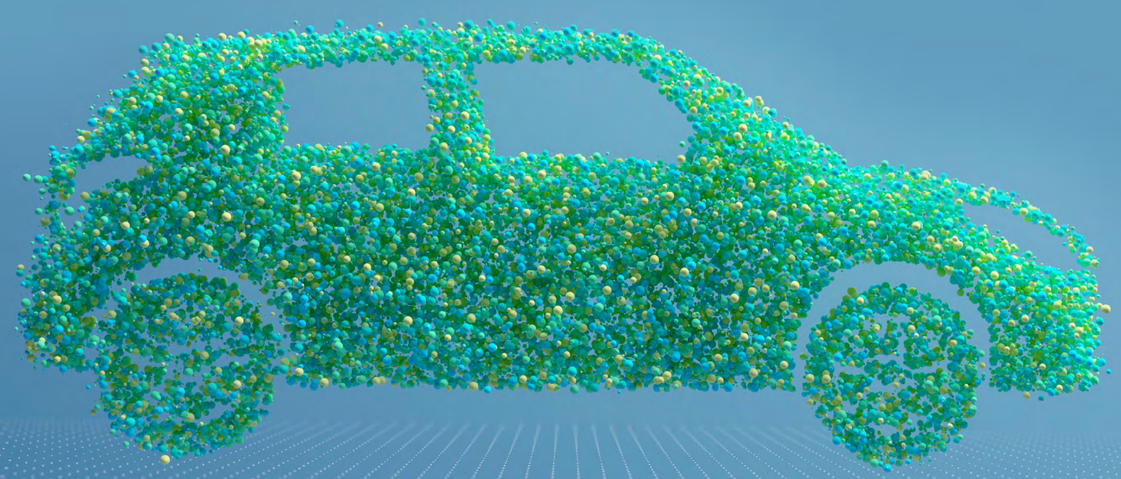
BEV (Battery Electric Vehicle)
A 'pure electric' car or van, with no internal combustion engine.

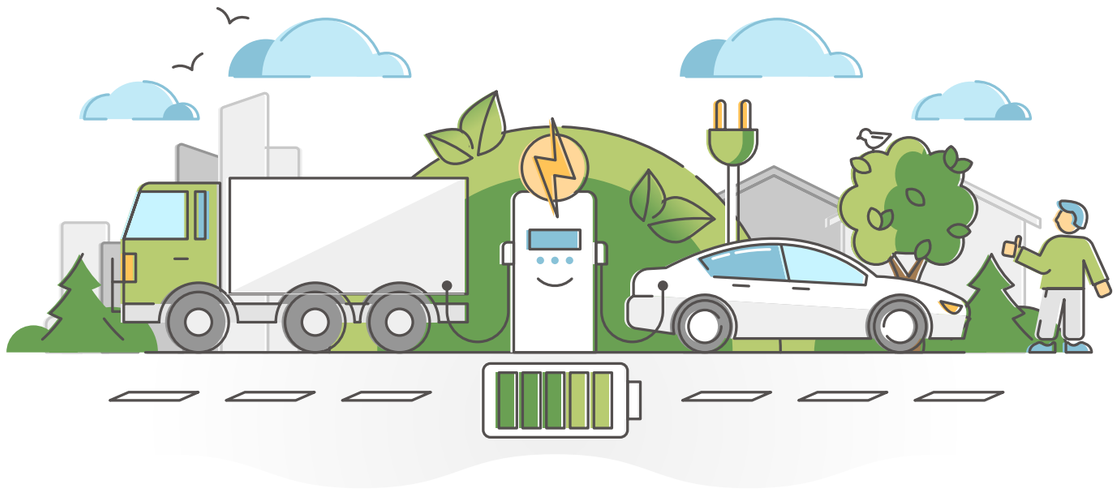
EREV (Extended Range Electric Vehicle)
An EREV is an electric vehicle, but with a small internal combustion engine that only generates power for the batteries when they are depleted, or when an extra electric boost is needed during acceleration. The batteries, when full, can power the vehicle for around 30-40 miles, then the internal combustion engine can provide additional range if needed, typically 150-200 miles.

PHEV (plug-in-hybrid electric vehicle)
PHEVs have an internal combustion engine and an electric motor, powered by batteries. The power sources can move the vehicle independently or both work together, but the electric-only range is more limited than a BEV, as battery packs are smaller. Drivers can switch to electric-only mode, under which range typically varies from around 25-50 miles, depending on the model.

HEV (hybrid electric vehicle)
Hybrids have an internal combustion engine and an electric motor powered by a small battery. The power sources can move the vehicle independently or both work together. It can only travel short distances on battery power alone (1-10 miles) and cannot be plugged in to recharge the battery; energy comes from braking or the engine.

MHEV (mild-hybrid electric vehicle)
These are the closest to a standard petrol or diesel car. An internal combustion engine gets occasional assistance from a small electric motor to reduce engine load during acceleration or cruising. It cannot be plugged in or travel on battery power alone.





Incentives power demand for zero-emission vehicles

Governments across Europe are using incentives to drive demand for low emission vehicles. Currently subsidies and incentives are car-focused, but governments are starting to roll out specific programmes for eLCVs.

France

The French government has announced a series of measures to drive up EV adoption including purchase subsidies of up to €5,000. There are regional variations in registration tax, but BEVs and PHEVs get at least a 50% reduction if they aren't exempt altogether and operators can claim an enhanced depreciation allowance and reduced taxes, while drivers have discounted benefit-in-kind tax rates, which are also capped.

Spain

Spain provides registration incentives under its MOVES II and Renove initiatives, with grants of up to €15,000 depending on the vehicle being acquired or leased. There is also no registration fee and potential exemptions from road tax.

There may be additional grants available from local authorities, while EVs may also escape road tolls and receive free parking in some cities.

Germany

With a target of 10 million EVs on the road by 2030, Germany is using a range of incentives at national and local levels to achieve its goal. Purchase subsidies of up to €6,000 are in place until 2025 and BEVs are exempt from car tax for 10 years, while PHEVs get discounts depending on their average CO2 levels.

There are also benefit-in-kind tax incentives in place until 2030 that give substantial discounts to BEVs. There are smaller reductions for PHEVs if they meet emissions and electric-only range targets, which will become progressively tougher over the next few years.

Netherlands

The Netherlands offers a purchase subsidy aimed at consumers for both new BEVs and second-hand models, while there are registration tax reductions for both BEVs and PHEVs.

Until 2024, BEVs are exempt from road tax and PHEVs pay half. From 2025, BEVs will pay 25% and PHEVs 75%.

Drivers also pay a reduced rate of company car tax, currently 12% compared to 22% for standard cars.

Italy

Italy provides incentives of up to €6,000 for the purchase or lease of low emission vehicles depending on their CO2 emission figure.

EVs are also exempt from road tax for their first five years. In subsequent years, they pay up to 75% less than equivalent petrol or diesel cars.

United Kingdom

The UK has published a roadmap designed to end the sale of petrol and diesel cars and vans by 2035, including plug-in hybrids.

Purchase subsidies are offered for most cars costing up to £50,000 and there is also a substantial grant for electric vans.

BEVs also escape registration fees and there is no annual road tax for most, based on their purchase price.

Drivers have significant tax reductions that mean EVs cost them a fraction of an equivalent diesel or petrol model and there are discounts on VAT for domestic electricity when it is used to charge an EV.

Commercial vehicles lag behind car market – for now

Diesel remains the powertrain of choice in the commercial vehicle market. In 2020, diesel powered 92.4% of newly-registered vans in the European Union.

Electrically-chargeable vehicles made up 2% of total van sales (up from 1.3% in 2019), while hybrid vans accounted for 0.9% of the EU market in 2020 (compared to 0.3% the year before).

There is currently less choice in the commercial vehicle market and many fleets are reluctant to give up the flexibility and low costs that diesel provides.

However, there are signs that the van market is starting to change. In 2019, online retailer Amazon announced an order for 100,000 custom-built electric vans from Rivian Automotive for its global fleet and 1,800 electric vans from Mercedes-Benz for European roads.

Delivery companies and utilities are also investing heavily in plug-in vans, among them DPD UK, where 10% of the van fleet is now electric and delivering one million parcels each month.

There are signs that customers will increasingly drive change. In recent research, half of consumers said they are conscious of the environmental impact of home deliveries and three-quarters said they would favour companies that transport goods in an environmentally friendly manner.

A similar proportion would like all their home deliveries to be emission-free within five years, mainly through electric vehicles, but also using cargo bikes and other zero-emission delivery solutions. Around half say they would pay more to make change happen.

To drive change, fleets need reassurance on charging infrastructure; 75% of European charging points are in four countries (Netherlands - 25%; Germany - 20%; France - 15%; UK - 14%).

Furthermore, although there are now 200,000 charging points across Europe, only one in seven provides fast charging that would cope with large scale demand by minimising the time each car needed to recharge its battery.

The European Automobile Manufacturers Association warned last year the situation was “potentially very dangerous” as the market could reach a point where growth of electric vehicle uptake stalls if consumers conclude there are simply not enough charging points where they need to travel, or that they have to spend too long in queues for a fast charger.

Despite the concerns, there is growing pressure for fleets to switch, ranging from low-emission zones that favour electric vehicles to customers only working with suppliers that meet their environmental standards.

The public sector is also driving change by switching its own fleet vehicles to zero-emission technology and in some cases requiring suppliers to do the same if they wish to bid for government contracts.

Marco Lessacher, CEO, Alphabet International

“Fleets need specialists to make electrification and future mobility happen in an efficient way.”

Flexibility will be a key focus for companies as they emerge from the global pandemic to drive the economic recovery.

Leading business mobility provider Alphabet International believes it already has a head-start on rivals, with its long-term investment in mobility services that enhance its traditional leasing operations.

Among them is AlphaRent, offering short and long term vehicle provision, and AlphaFlex, the mobility budget service that offers access to a range of vehicle hire and public transport solutions.

The switch to zero-emission vehicles is supported by AlphaElectric, while AlphaCity provides access to car sharing.

For Marco Lessacher, CEO of Alphabet International, the key is providing customers with choice, so they can adapt to the changing business landscape with relevant mobility options.

He said: “It is a complex equation; you really need specialists to make this whole compound topic of electrification and future mobility happen in an efficient way. Consulting is key at this point. Therefore, we have an important role to play.”

Last year, Alphabet made particularly strong progress in electric mobility, adding 26,000 battery electric vehicles and plug-in hybrid electric vehicles (xEV) to its 700,000-vehicle fleet.

For 2021, the growth in plug-in demand will continue, he says, adding: “We assume that every fifth leased vehicle will be electrified, and we expect our ‘xEV’ new business to increase around 63% compared to last year.”

Electrification through consultation

As customers start to consider electrification as a normal part of their daily business, xEV will account for an estimated 30-40% of the fleet by 2025.

However, Lessacher points out that electrification needs consultation to be truly effective, as fleets still have multiple replacement cycles before legislation bans the sale of fossil fuel vehicles altogether, so they will develop blended solutions during the transition.

He added: “We focus on providing the right engine for the proper usage. Extensive consulting and great flexibility are key in running an eMobility fleet.”

A consultancy approach is also vital because companies are yet to establish what travel patterns will look like in a post-COVID environment, often referred to as the ‘new normal’.

Lessacher said: “We see movement coming back, but we also assume that mobility will definitely change in the direction of services such as subscriptions or rental, mobility budgets and so on.

“Basically, we see that customers now need more flexibility in terms of duration or in means of transport.”

In the longer term, this may include a return to mass use of public transport, although in the short-term travellers are likely to favour personalised options.

“There will always be company cars, they will not go away,” he said. “It will change, but not disappear.”

Expanding electrification to LCVs

While the focus for change is currently on electric cars, with hundreds of models now on sale, there are signs of more activity in the electric van market.

Alphabet already has extensive experience of electric light commercial vehicles (eLCVs), having supported last mile delivery companies with a number of zero-emission initiatives, including charging use cases, which is key to minimising downtime.

“CUSTOMERS NOW NEED MORE FLEXIBILITY IN TERMS OF DURATION OR IN MEANS OF TRANSPORT.”

Lessacher added: “eLCVs are showing a lot of potential and the demand will grow even more in the coming years.

“Regulation also plays an important role, particularly in urban areas affected by congestion charges or low emission zones.

“Where vehicles are mostly used for fixed routes, companies can plan very well, including implementing charging infrastructure.”

“Minimising downtime is vital whichever powertrain you choose.”

Jason Chamberlain, sales and marketing director, Rivus Fleet Solutions

Rivus Fleet Solutions currently manages more than 90,000 vehicles and expects to reach 100,000 vehicles during 2021 as it secures more customers with an expanded range of services.

Recent acquisitions made by Aurelius Group, who own Rivus Fleet Solutions, include Pullman Fleet Solutions and mobile body repair specialist AutoRestore, mean that Rivus can now support LCV and HGV customers with their entire vehicle lifecycles.

Its services now include vehicle build and supply, leasing, rental, fleet management, SMR, risk management , accident management and EV services. This is all backed by the UK’s largest servicing network and a 60-vehicle mobile support fleet.

Rivus senior executives say that the breadth of services allows the B2B specialist to provide the critical, flexible support fleets currently need in two key areas.

Firstly, it can minimise customer downtime and reduce fleet running costs as businesses rebuild following the pandemic.

Secondly, it will provide the foundation for fleets to adapt to a zero-emission future, providing expert servicing support along with a wealth of advice and expertise from its experienced team, throughout every stage of the electric vehicle lifecycle.

Jason Chamberlain, sales and marketing director at Rivus Fleet Solutions, said: “Our strategy is to be ahead of the curve so we can continue to serve customers by future-proofing our business.”

Supporting electrification

Over the next decade, fleets will be completely reshaped by electrification and Rivus aims to support that transition in several areas, including vehicle choice, acquisition, service, maintenance, incident management, recovery, repair, TCO management, and driver engagement and training.

All this will be underpinned by a commitment to maximising vehicle on-road time, which is essential to keep running costs low.

Each day a commercial vehicle is off the road costs operators hundreds of pounds, including lost revenue opportunities, replacement vehicle costs and funding repairs.

Chamberlain said: “Minimising downtime is vital, whichever powertrain you choose. The key pressure for our customers is vehicle availability.”

Rivus will provide expert support to its customers and deploy its full range of services to help them develop an electric vehicle strategy and minimise problems when vehicles are on the road.

This includes preventative maintenance to avoid unplanned off-road time, but also driver training and education, which will be a critical element in a smooth transition to zero-emissions.

Chamberlain added: “We are thinking about all aspects of the lifecycle of an electric vehicle, from acquisition to operation, including driver training.”

Educate and inform

A policy of ‘educate and inform’ will be important for drivers, many of whom will be moving to electric vehicles for the first time. They could need guidance on changes to driving style to maximise range and may need training on how to recharge or even adapt to using an automatic gearbox. There may also be a short-term increase in breakdowns caused by drivers accidentally running out of charge. Despite the absence of a petrol or diesel engine, Chamberlain points out that electric vehicles will also still require regular garage visits for key safety items, such as tyres, brakes, and lubrication.Therefore, members within its garage network are receiving extensive electric vehicle training to maintain a safe operating environment.

Chamberlain said: “We have built a 360-degree service which serves car, LCV, plant, ancillary and HGV fleets across all fuel types, so we can support the industry on the Road to Zero.Customers are telling us they are uncertain what the future will look like when it comes to vehicle choice and operation, so our expertise, support and consultancy will play a key role in helping them to adapt.

“It is an exciting, but challenging time for fleet operators, so our partnership approach will ensure customers select the best vehicles for different roles and operate them in the most efficient way to minimise VOR and TCO during their fleet cycle.”

Key dates for your fleet calendar

2021

Aug 30 – Sep 1

NAFA 2021 Institute & Expo

PITTSBURGH, USA

The NAFA Institute & Expo is the premier professional development and networking event that brings together fleet professionals from across North America in every segment including corporate, government, public safety, utility, and education.

Aug 30 – Sep 1

FleetCon 2021

ROUND ROCK, TEXAS, USA

Organised by FleetPros, a non-profit industry association which supports fleet professionals through education, networking, and resources. It currently represents 1,100 fleet professionals and suppliers.

Sep 13-15

European Transport Conference 2021

ONLINE

The European Transport Conference (ETC) is the annual conference of the Association for European Transport, attracting transport policy makers, practitioners and researchers from all over Europe and beyond.

Sep 21

Fleet LatAm Conference

ONLINE

Fleet LatAm organises events throughout the year, focused on the fleet and mobility managers with Latin America responsibilities. They take place in South-America, Central-America, North-America and Europe.

Oct 3 – 6

Automotive Fleet & Leasing Association 2021 Corporate Fleet Conference

SAN ANTONIO, TEXAS, USA

In the 50 years since its founding, the Automotive Fleet & Leasing Association has promoted growth, expansion and professionalism within the fleet industry by providing education, research, technical standards, representation and advancement of member interests.

Oct 5 – 6

Fleet & Mobility Live 2021

BIRMINGHAM, UK

The event for the fleet and mobility community that aims to help fleets prepare for the mobility revolution and assess how their responsibilities are expanding to encompass all areas of mobility.

Oct 13 – 14

Dubai Lease conference

DUBAI (UAE)

The Lease Conference seeks to bring actionable knowledge and expertise to the players in the leasing business in the Middle East and Africa.

Nov 9 – 10

Fleet Europe Summit 2021

BRUSSELS

The Fleet Europe Summit is the yearly gathering for European fleet and mobility industry. Each year, it attracts more than 1,200 decision-makers and influencers from more than 35 countries to review market trends, uncover innovations and network with industry peers.

Nov 10 – 12

Fleet Forward Conference

SAN JOSE, CALIFORNIA, USA

Fleet Forward Conference is a mobility event dedicated specifically to fleets. Gather with the industry's thought leaders and change leaders to assess market developments and make key connections that will prepare your fleet for the changes ahead.

2022

Jan 19 – 21

Automotive World 2022

TOKYO, JAPAN

A major automotive exhibition including EV, HV & FCV Technology Expo, Connected Car JAPAN, Autonomous Driving Technology Expo and MaaS Expo.

Mar 23 – 25

Automotive World 2022

NEW DELHI, INDIA

This event looks at the challenges related to the country's road transport sector, including inadequate public transportation, road safety, traffic management, and infrastructure.

May 3 - 4

Australasian Fleet Conference & Exhibition

SYDNEY, AUSTRALIA

AfMA's annual conference is designed to highlight the road ahead for fleet professionals – ultimately linking the best people with the knowledge and solutions they need to navigate an ever-changing automotive landscape. The conference will be held in Rosehill Gardens Racecourse, Sydney.

Bynx
Lowes Lane Business Park
Wellesbourne
Warwickshire
CV35 9RB

+44 (0) 1789 471600
www.bynx.com

@BynxGlobal
www.linkedin.com/company/bynx-europe-ltd