

DiscountDiesel

## Scrambling for discount diesel



**4P Logistics has** 40 trucks using the TFN System and the savings on their monthly bill is 'significant'.

**There is a well worn saying that if something sounds too good to be true then it generally is. With that thought in mind, what would you think if someone came along and offered you as much diesel as you want at an unprecedented discount price? Read on and judge for yourself.**

**T**he demand from a company supplying diesel to road transport operators at discount prices has grown from 15000 to around 2,5 million litres per month in less than a year. *Andrew Parker* speaks to *Johan van Rensburg*, sales manager of a relatively new player in the market, Truck Fuel Net.

Truck Fuel Net, (TFN), is offering on-road diesel refuelling to trucking operations at wholesale prices, which are 60c – 70c per litre less than the pump price charged by oil company retailers.

This saving, Van Rensburg says, is the difference between the wholesale price and the pump price. The actual discount, however, varies depending on what region or area the fuel station is situated in, either inland or at the coast for example.

TFN is not a retailer or wholesaler and is not connected to an oil company but is, according to Van Rensburg, a service provider to the transport industry and is able to offer some of the most competitively priced on-road diesel in the country.

Van Rensburg says: "Diesel pump prices of franchised retailers (those filling stations affiliated to oil companies) vary between 60c to 70c per litre when compared against the pump prices of privately-owned retail fuel stations known in the industry as 'white sites.'

"The reason for the lower pump price offered by white sites is simply the freedom to buy stock on the open market at much better discounts and not being bound under a franchise agreement and equipment cost amortization," Van Rensburg explains.

Van Rensburg says further: "TFN's primary objective is twofold; firstly, to provide transport operators with a better tool and ability to control and manage on-road expenses, of which diesel is the biggest contributor, and secondly, to help customers save money."

Like many good ideas TFN's modus operandi is quite simple. TFN negotiates a deal with one of the white sites at which TFN trucking clients will refuel at a preferential rate which is less than the indicated pump price but enough to satisfy the retailer and also allow TFN a service fee.

This means the retailer, with the addition of TFN's clients, will now be pumping more fuel than usual which, in turn, enables them to negotiate a better price from their own supplier.

The TFN refuelling network comprises a series of white sites strategically located on major transport routes across South Africa. At the time of going to press TFN had 28 sites around the country from Musina to Cape Town, including such locations as Johannesburg, Bloemfontein, Beaufort West, Port Elizabeth, East London, Durban, George, Cato Ridge and Nylstroom.

The system is straight forward and easy to use. TFN clients are issued with a Truck Net registration card for each vehicle. The card is used to validate the customer account and driver with the vehicle registration number and any other rules set up against the vehicle such as pre-issued orders to authenticate and authorise the transaction and to ensure that the purchase is processed with the correct discount.

Van Rensburg explains that payment for diesel purchases is by any bank fleet card or on a pre-paid cash deposit basis. Where customers make use of the pre-paid option, they deposit funds into a TFN customers trust account, from where payments are effected.



**TFN has not** made any friends among the leading oil companies since they started marketing diesel to the trucking industry at significantly discounted prices.

### Management

Van Rensburg claims the biggest differentiator between TFN and other card-based refuelling service products is TFN's ability to process and manage refuelling on a realtime basis. "Access to the TFN management system is by means of an internet connection. This means that all transaction records are transmitted to the operator or owner of the vehicle as soon as the transaction is completed. Transactions can also be linked to a client's cell' phone whereby the system sends SMS messages to inform customers of account balances and transactions as they occur."

Van Rensburg says the information and user options are compiled and presented in an easy to use format where the user only works with what is applicable to his account.

"The system allows customers to exercise far greater control as to when, where and how much a truck can refuel," Van Rensburg adds.

Some of the benefits of the TFN system outlined by Van Rensburg include the following:

- Route management where the operator determines the quantity of diesel refuelling authorised for a specific route and for a specific period of time.
- On-line ordering where the operator issues on-line diesel orders for a vehicle's refuelling by specific authorised maximum volume, for a specific date and specific location. No paperwork is required at all.
- Detailed account information and management ability.
- Exception reports. For example, should an operator wish to monitor a driver, an SMS or email is sent every time the driver refuels.

TFN also has a call centre operating round the clock days a week. A vehicle refuelling at 2 a.m. for example, will not have to wait until the next morning if a card is lost or the supplier's system is off-line or whatever other problem may occur. All transactions (except where there are insufficient funds) will be handled immediately by the call centre through a manual authorisation to prevent standing time.

Van Rensburg says initially TFN's target market were the small to medium sized operators that do not have access to the on-road diesel discounts received by the bigger operators. This, he says, has now changed with many enquiries received by TFN coming from larger operators who are looking at alternative fuel supplies.

To get a handle on how the TFM system is working, *FleetWatch* randomly approached a number of TFN's clients. These are their comments:

Lezanne Smit, IT and admin manager at 4P Logistics: "We have 40 vehicles utilising the TFN system. We operate nationwide and TFN have sites nationwide so it made a lot of sense to come to an agreement with them."

Smit wasn't saying just how much the company was saving on its monthly fuel bill other than to say it was "significant."

Lisa Snyman, financial and admin manager at DMB Freight; "We have been using the TFN system for just over a year and we are very happy with it.

"The price we pay for diesel is far better than we have been able to negotiate with any other depot so we are saving a considerable amount of money on our monthly fuel bill.

"Because the system works instantly through the internet we have a lot more control over our fuel accounts than we did previously. If there are any problems we can nip them in the bud instead of waiting 24 hours or longer before the transaction information is forwarded to us."

Gavin van der Heyden, Wilsons Removals: "We have been using the TFN system for about a year and have 35 vehicles linked to the system. We are 100% satisfied with the service we get from TFN and with the price of diesel which is better than our previous supplier could manage."