

Crowdfunding supports investment in tachograph training

MOST companies in the passenger and freight transport industry rely on tachograph analysis specialists, such as TruTac, to not only protect themselves and staff from prosecution, but also to gain vital information to improve their training and customer service. In turn, tachograph analysts can only develop the right products with good feedback from their customers and the right financial support; which is where the comparatively new funding option of crowdlending, from companies such as ArchOver, comes in.

TruTac has been analysing tachograph data since it was founded in 1994 and now analyses more than 12 million driver's records each year for 1,600 fleets. Although every vehicle made after 2006 has to have a digital tachograph, nearly 5 per cent of the data analysed by TruTac still comes from analogue charts.

Soon after the tachograph became compulsory for HGV and PSV vehicles in September 1986, most transport companies realised that trying to analyse their own data was an extremely onerous and resource-intensive task. Also, if a problem came to the attention of the powers that be, it was useful having the evidence of a respected independent company on your side.

One such company was Harry Shaw Coaches, a family-owned business that has been operating coaches since 1964. It has a fleet of 37 coaches, ranging from 29- to 70-seaters. It is a member of the Guild of British Coach Operators and runs schools contracts as well as private hire and tours and excursions across Europe.

Says Kevin Brown, operations

director for Harry Shaw Coaches: "Like everyone else, to satisfy the authorities we have to analyse 100 per cent of our tachographs.

"The old-fashioned way was to use the paper and check it all by eye, and there was a lot of room for mistakes. This was someone's full time job, it was never prompt and it could be six weeks before we knew a driver had made a mistake. Now information is returned within four minutes of the card being up-loaded.

"However, it goes far beyond just complying with the law."

When a driver clocks on in the morning, he or she puts the driver card into a reader outside the office and when assigned a coach, it is placed into the vehicle tachograph, where it stays until he has finished with that vehicle. It is down to the driver to select various mode switches that tell the system if he is driving, on other work or in a period of availability. At the end of a day, the driver puts the card back in the reader outside the offices, his duty end time is recorded, the card is automatically downloaded and the data is instantly up-loaded to TruTac. The reports produced can be viewed on PC, tablet or smartphone. The drivers can view their own individual reports in the same way using their personal password.

"We can't really operate well without the level of information that TruTac supplies," says Brown. "We can talk to its experts and they adapt the reports to give us the kind of information we need, both to satisfy our statutory obligations and improve our training.

"For example, although the digital equipment is much better than the old paper discs, it still



relies on the driver operating the system properly. For example we have had issues with drivers leaving their cards in overnight with the mode switch set to other work even though the driver was on daily rest, obviously putting him well over the allowed duty time and also affecting their working time.

"If they get stopped by DVSA when these extra hours are on his card, the driver can potentially be hit with a graduated penalty. TruTac's analysis allows us to address these issues before they become a real problem, so we can demonstrate to DVSA that we do monitor and where needed, adjust the driver's behaviour.

"We believe in education to head off problems rather than reprimanding after. The TruTac reports let us identify problems as early as possible.

"As well as driving, our drivers have to be social workers, entertainers, sources of information, child minders and much more. It's much more difficult than being an



TruTac's support for customers such as Harry Shaw Coaches is boosted by funding from ArchOver.

airline pilot, for example, who's largely protected from the passengers. Any help we can give them can only be viewed as positive.

"Every operator experiences the same kind of problems, but they are all subtly different. TruTac listens to your unique perspective and then tailor-makes the package for you."

The TruTac report can be just as valuable to the driver, showing them graphically if an infringement occurred, when they last downloaded a card, which vehicles they drove and when, they can see their current working time data and, when the earliest time is that they can drive again.

TruTac has had to create the software and systems to carry out this analysis and produce the reports from scratch.

TruTac is now developing further processes to help transport companies deal with the human

error part of tachograph systems. A further example is where a driver turns up early for work, maybe because he has a lift with another driver who is due to set out earlier. If he or she puts the driver card in the office reader, they are still registered as being available for work by the digital tachograph. At the end of the day, the driver may unintentionally be delayed in using the card to clock off. Although all of this is not working, it cannot be classed as rest, which cuts down the possible working time. Short periods every day can add up to hours over the month.

If this can be quickly detected and drivers prompted to slightly alter their behaviour, they will be available for more productive hours.

Without the development of products such as this, TruTac's bespoke reports and the many other unique software services it offers its customers, companies such as Harry Shaw Coaches would not be able to function as efficiently. However, software development comes at a high cost and it can be a time before the products are ready to generate income.

Therefore, for TruTac finding a cost-effective way of financing the development is vital to itself and its customers.

For 19 years it used an invoice discounting facility for this, which was proving to be an expensive form of credit.

Says TruTac managing director Terry Ramsey: "Invoice discounting is never satisfactory as it means the discounting firm comes between us and our customers over payment. We wanted to find an alternative form of financing, but until we found ArchOver none of them seemed really attractive. The banks wanted to tie us into fixed term loans, high interest rates and take our heart, soul and mother as

security.

"They also wanted to take our debtor book as security and more; even with government-guaranteed schemes."

ArchOver uses money from its investor clients and lends directly to borrowers, minimising the investment risk by ensuring that each borrower is funded by numerous investors, where each risks a comparatively small amount.

To increase security ArchOver, on behalf of its lenders, takes a first floating charge over the trade debtors and the borrower takes out credit insurance with ArchOver jointly insured. This leaves the rest of the balance sheet free, so borrowers can access other forms of finance should they need it.

This system provides a higher interest rate for investors than they could get elsewhere, and provides borrowers with lower cost finance with fewer restrictions than elsewhere.

TruTac obtained a loan from ArchOver of £100,000 to reduce credit costs. The loan was spread over two years and was secured within a month through ArchOver's straightforward systems.

"We are a profitable company," says Ramsey, "but the ArchOver loan has made a considerable difference to our bottom line. It's far more competitive than banks who charge 7-8 per cent for the same service. It also gives us the ability to pay off the loan early without penalties.

"The crowdfunding model was very simple and very flexible, and ArchOver really seemed to understand our business.

"We are now discussing further finance with ArchOver as we are looking at further development and acquisitions. In the end, all product development is dependent on finding the right financing."

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