



TOP TECHNOLOGY TRENDS IN FUEL DELIVERY

Benchmarking Report

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INTRODUCTION

Welcome to our Top Technology Trends in Fuel Delivery Benchmarking Report. We're excited to share the findings of our first-ever Tech Trends Survey.

Technology continues to become a more and more important part of business. Software and related tools help companies streamline processes so they can focus on what's most important—growing and running their businesses.

In a competitive market like the energy industry, technology offers a competitive advantage, helping you get more done faster.

These findings will show you how fuel dealers are using the technologies we've identified as trends in the industry. You'll learn how your business compares and discover where you might want to take your technology strategy in the future.



OVERVIEW:

TECHNOLOGY LANDSCAPE

New technology has not been as readily available in the energy space as it has been in other industries. As a result, many fuel dealers have adopted new software and other tools at a slower rate. However, as more modern products specific to fuel delivery have become available, energy companies are becoming more attuned to the benefits these tools have to offer.

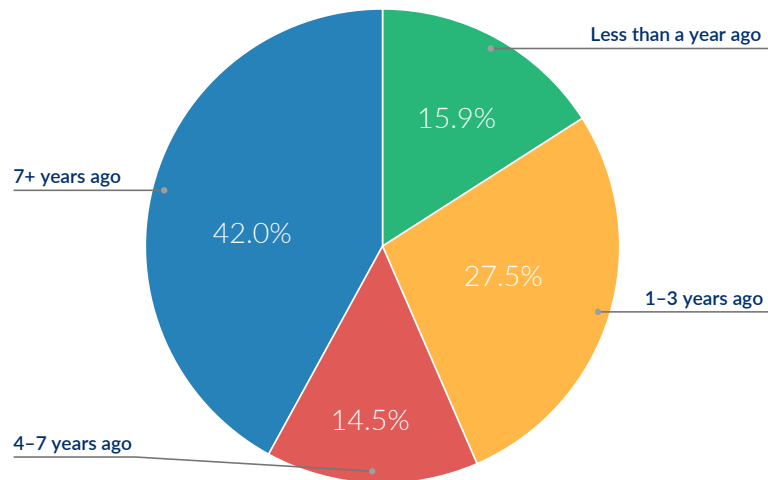
Fuel dealers today are purchasing software and other tools more frequently and are using more than one product to support their businesses.



OVERVIEW: TECHNOLOGY LANDSCAPE

Nearly 60% of respondents purchased their current fuel delivery software within the past 7 years. More than 40% purchased their software within the past 3 years.

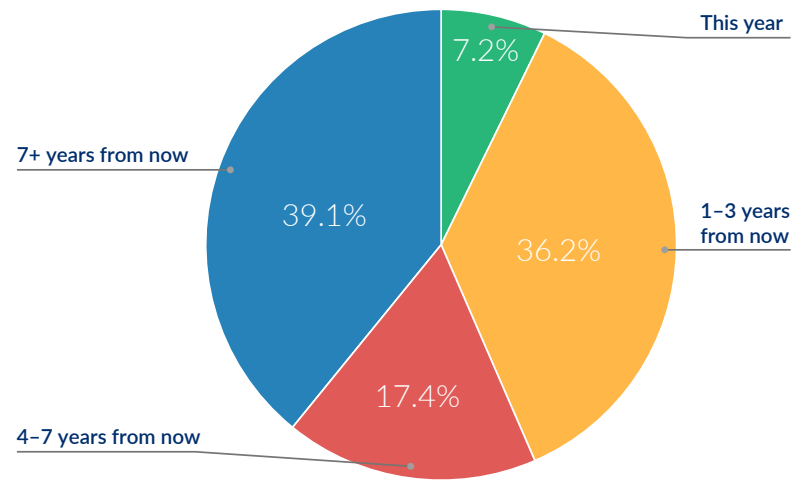
When did you purchase your current fuel delivery software?



Number of responses: 69

Even though a majority of respondents purchased software recently, more than 43% plan to replace their back-office software in the next 3 years.

When would you consider upgrading or changing your fuel delivery software?

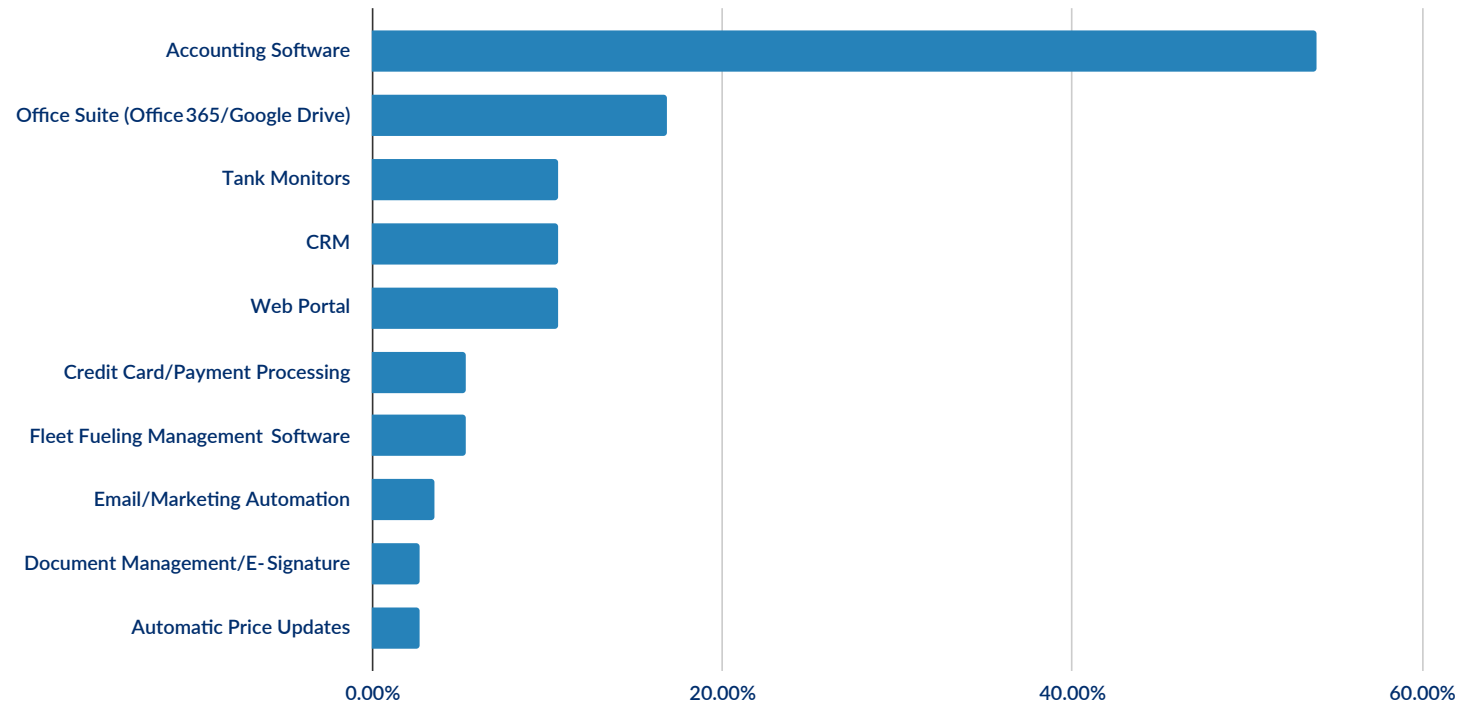


Number of responses: 69

OVERVIEW: TECHNOLOGY LANDSCAPE

Fuel dealers use more than their back-office software to support their operations. More than 50% of respondents use some form of accounting software. Other popular tools include an office suite (like Office 365 or Google Drive), tank monitors, CRM software (like Salesforce), and web portals.

Other software used by survey respondents.



Number of responses: 112

OVERVIEW: TECHNOLOGY LANDSCAPE

Honorable Mentions

While only a handful of respondents are using these products, they're unique tools that we felt were worth mentioning.

ClickSend, **Message Media**, and **ZipWhip** help companies automate business communications like alerts and reminders, promotions, and billing. They have offerings for texting, messaging apps, and more.

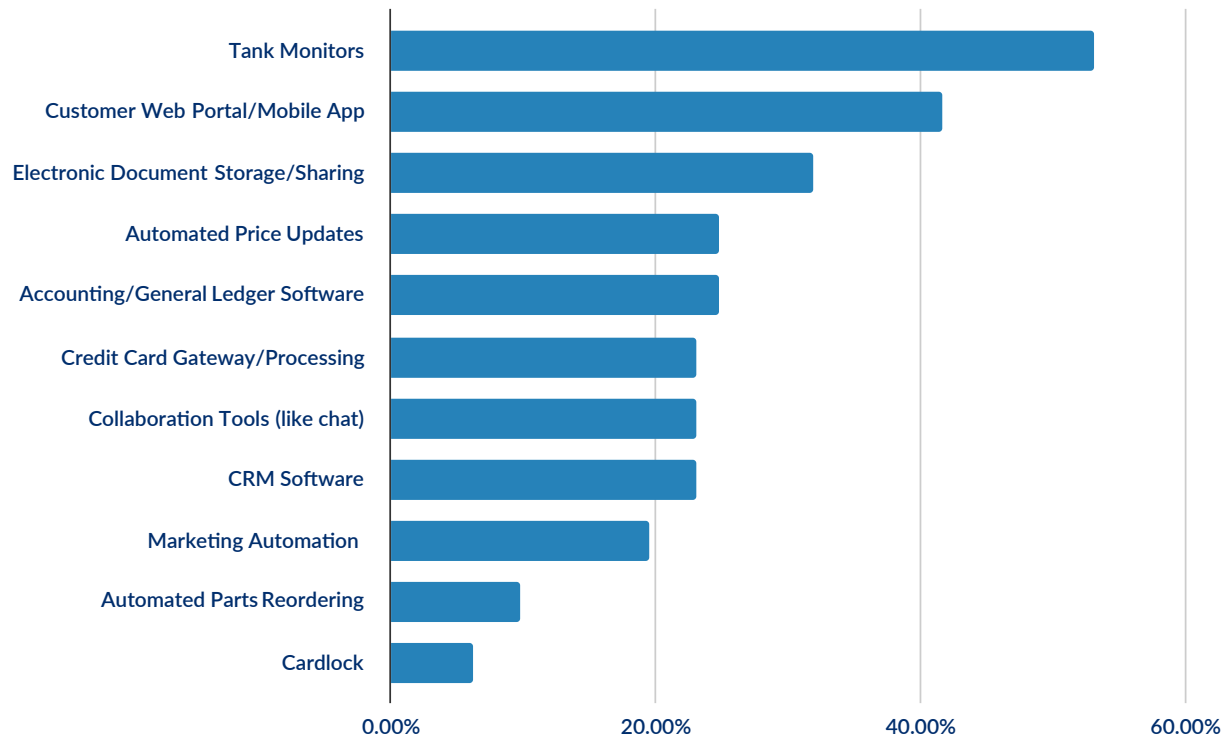
ReviewBuzz and **GatherUp** help companies generate and manage customer reviews. These tools make it easy to request reviews from customers and give you one place to manage reviews across multiple review sites.



OVERVIEW: TECHNOLOGY LANDSCAPE

More than 50% of respondents are looking at tank monitors as a future investment, indicating delivery efficiency and accurately monitoring tank levels are high priorities. Customer web portals/mobile apps came in second, indicating customer care and experience is also top of mind. Write-in responses included texting and c-store software.

In the future, what technology are you considering investing in?



Number of responses: 113

TREND 01:

THE CLOUD

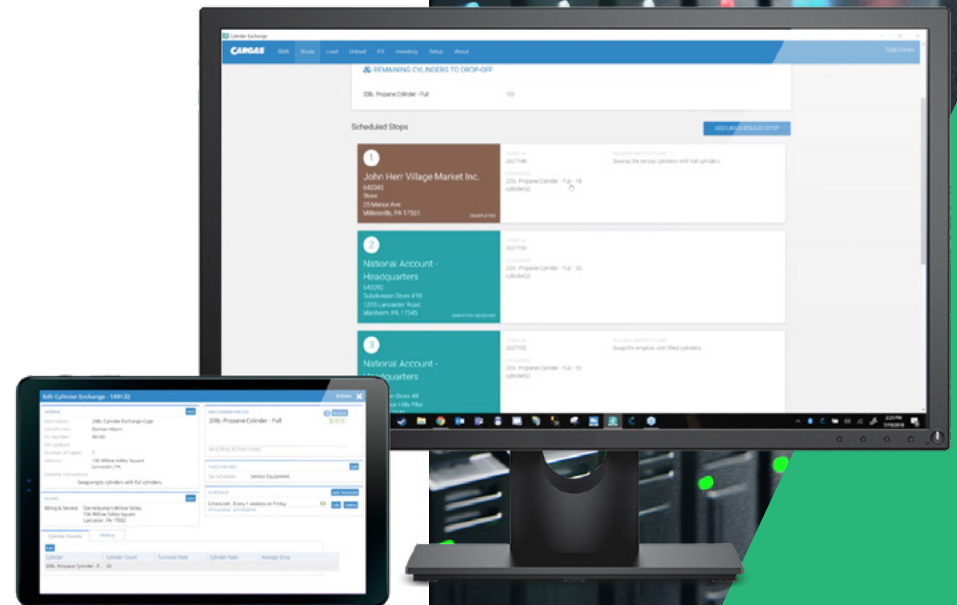
Cloud technology is trending everywhere, not just in the energy industry. Employees and executives alike turn to the cloud to keep up with the rapid pace of today's consumers. With cloud software especially, businesses can manage their operations across multiple locations anytime, anywhere. And get real-time visibility into their performance.

Key Benefits

- 24/7 access anywhere from any device
- Data is processed in real time
- Integrating cloud products is easy
- No hardware requirements or server maintenance
- Enhanced security

Competitive Advantage

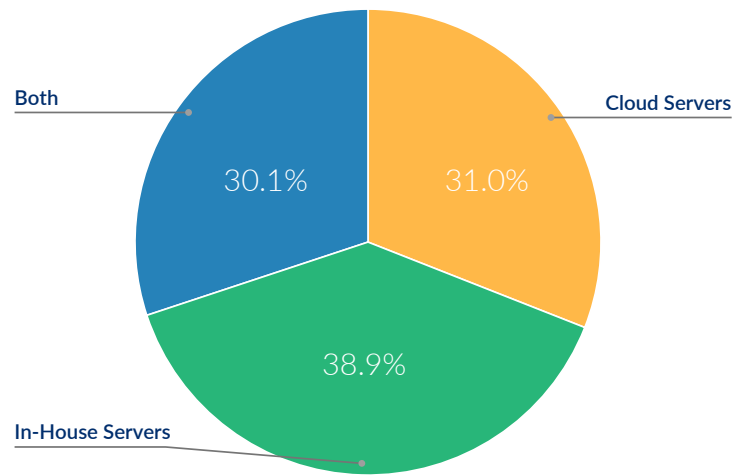
Cloud software is faster, more flexible, more secure, and less expensive than on-premise solutions. Fuel dealers using it gain an advantage over competitors who are limited by slower-moving systems.



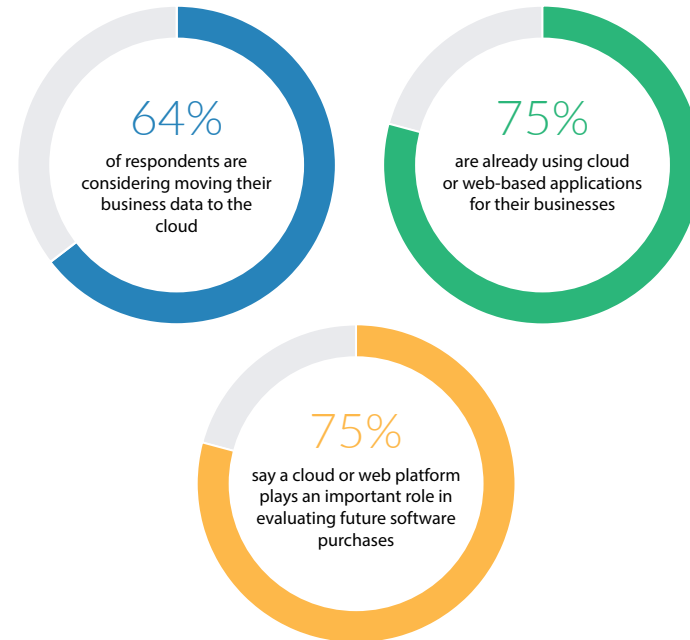
TREND 01: THE CLOUD

While nearly 40% of respondents are still using in-house servers, preferences are clearly shifting toward the cloud.

Is your company data stored on in-house servers or cloud servers?



Number of responses: 113



Number of responses: 113

TREND 02:

CUSTOMER-FACING APPLICATIONS

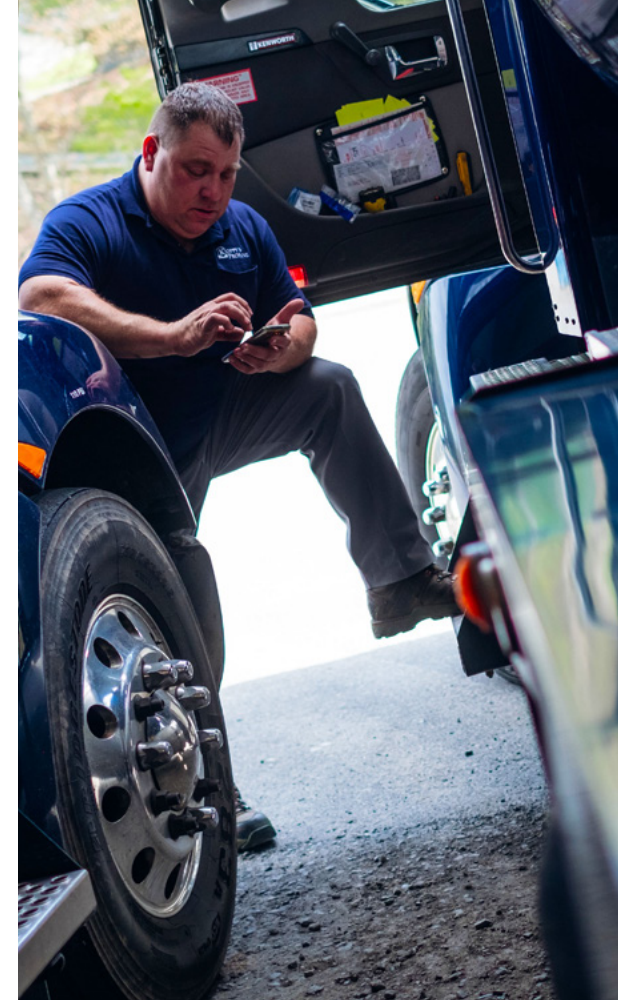
Customer experience has always been a focus in the energy industry. Many energy companies are generational businesses built on developing personal relationships with customers. Customer-facing applications are an evolution of this relationship. While many energy companies will continue to provide person-to-person interactions, web portals and mobile apps help meet the expectations of today's consumers, delivering the experience they're looking for.

Key Benefits

- Improved customer satisfaction
- Reduced call volume
- Improved cash flow (through autopay)
- Provides marketing opportunities

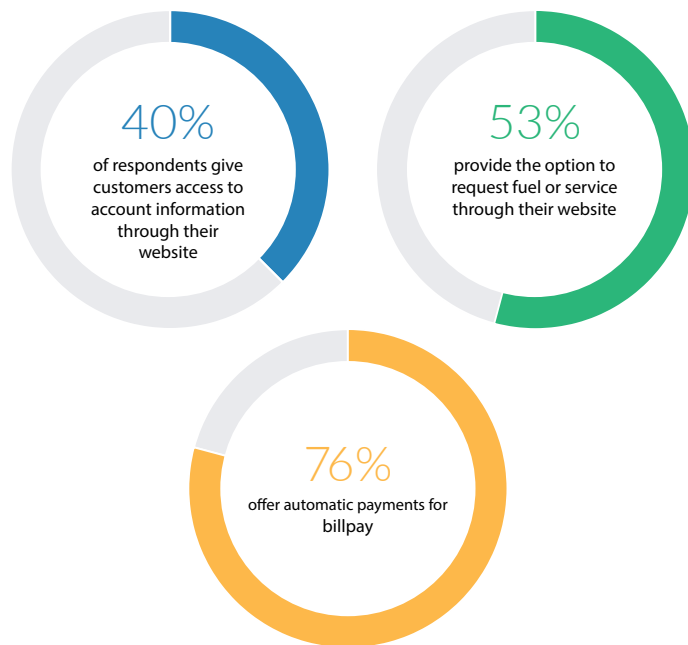
Competitive Advantage

Services through a website or mobile app like banking, Venmo, Amazon, and subscription boxes set the standard for businesses everywhere. Companies that don't provide customers with some sort of online resources stand out in a negative way.



TREND 02: CUSTOMER-FACING APPLICATIONS

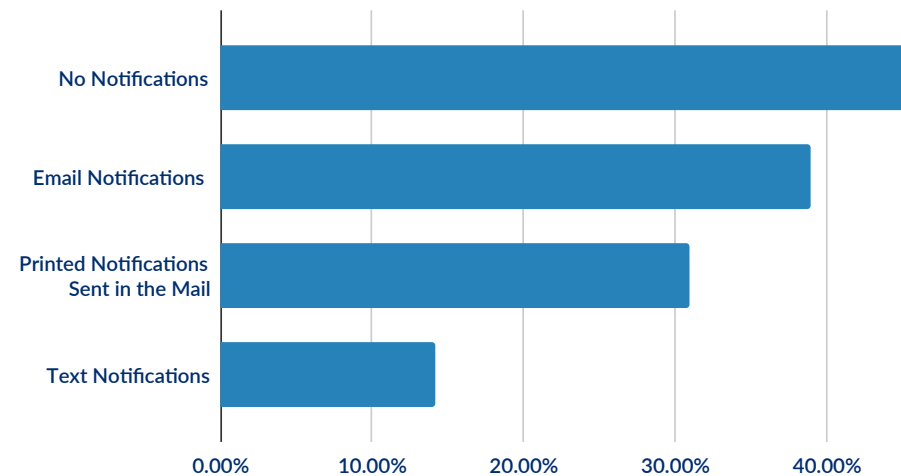
While nearly all respondents allow customers to check their account information, order fuel, or pay a bill in person or over the phone, online self-service options are also common.



Number of responses: 113

Nearly 40% of respondents send customers notifications about their account or upcoming activities.

Do you send customers notifications or reminders about their account or upcoming deliveries or service?



Number of responses: 113

TREND 03:

TANK MONITORS

Accurate forecasting is a crucial component of delivery efficiency and the overall success of a fuel dealer. Tank monitors take the guesswork out of forecasting, providing up-to-the-minute tank level readings so you know exactly when to deliver. As the technology continues to improve and prices continue to drop, tank monitors are becoming less of a trend and more of an industry standard.

Key Benefits

- Manage tanks with inconsistent usage
- Manage tanks in remote locations
- Eliminate runouts
- Improve delivery efficiency
- Improve customer satisfaction

Competitive Advantage

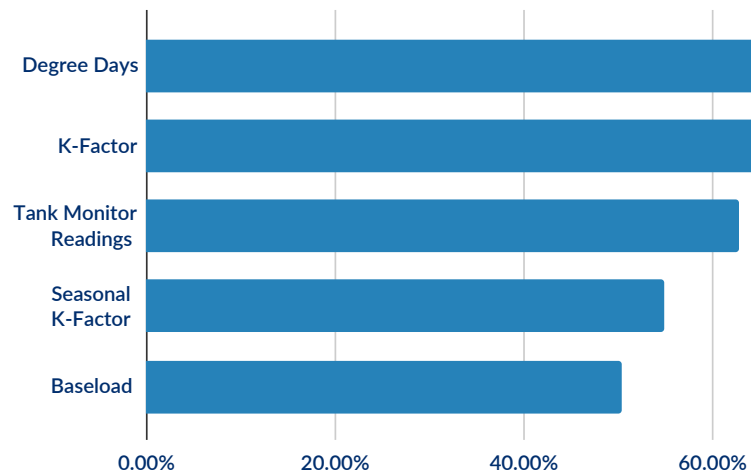
When you know exactly when you need to deliver, you can plan better routes and avoid small drops and runouts. Improved delivery efficiency saves you money and reduces wear and tear on your fleet, while accurate deliveries keep your customers happy.



TREND 03: TANK MONITORS

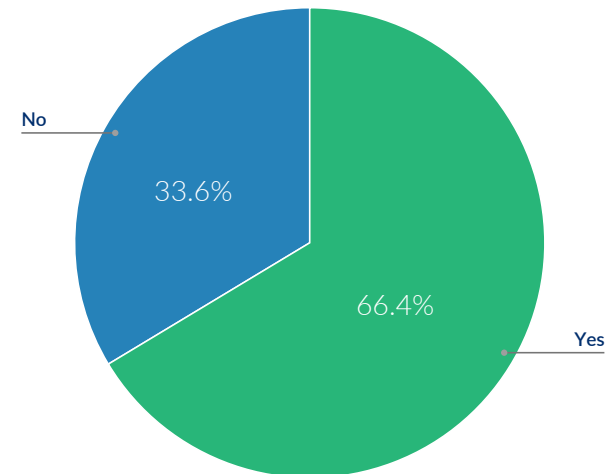
While K-factor and degree days remain the most popular forecasting methods, 62% of respondents have fuel delivery software that allows them to use tank monitor readings for delivery forecasting. And 66% of respondents are using tank monitors.

What forecasting capabilities does your fuel delivery software offer?



Number of responses: 113

Do you use tank monitors?



Number of responses: 113

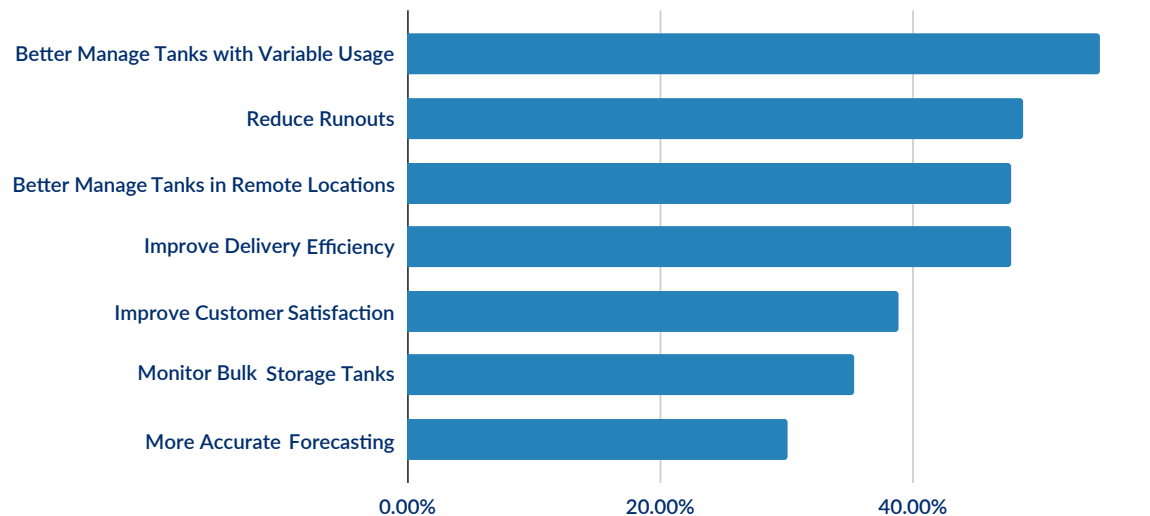
TREND 03: TANK MONITORS

There are many reasons fuel dealers may consider adopting tank monitors, but they primarily fall into two categories.

Savings/profitability. Improving delivery efficiency through more accurate forecasting and by better managing tanks with variable usage or in remote locations saves you money and adds to your bottom line.

Customer satisfaction. Preventing runouts and delivering more accurately can help you retain customers long-term. Many tank monitoring companies also offer customer-facing benefits, like the ability to check a tank's level using a mobile app, that are appealing to your customers.

Why are you using tank monitors?



Number of responses: 113

TREND 04:

CRM & MARKETING AUTOMATION

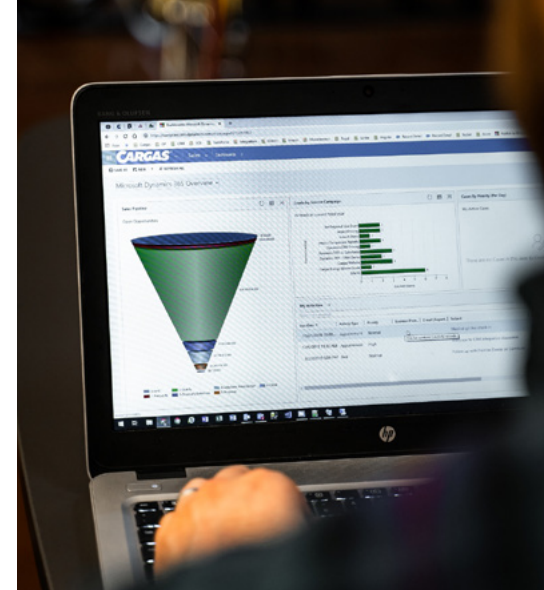
Attracting new customers and retaining existing ones is crucial for success. Which is why a method for tracking sales opportunities and customer interactions is so important. CRM software gives businesses a centralized location to track everything related to sales. While marketing automation helps streamline communication. Both tools capture data that helps businesses forecast future sales, evaluate which sales and marketing efforts are working, and understand their prospects and customers.

Key Benefits

- Never lose track of sales opportunities
- Identify cross-sell and upsell opportunities
- Nurture prospects through email campaigns
- Send targeted messages to specific groups of customers
- Track all interactions with prospects and customers

Competitive Advantage

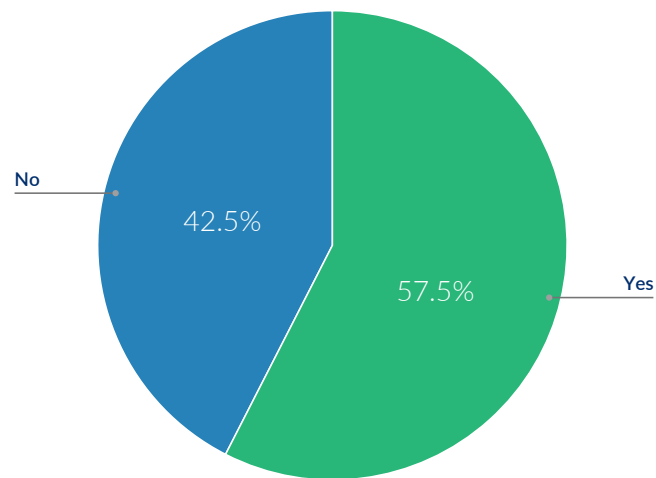
With a dedicated tool and method for tracking sales opportunities, your likelihood of acquiring new customers increases. And with a marketing or email automation tool, you can stay in front of your existing customers, making them feel valued and cared for.



TREND 04: CRM & MARKETING AUTOMATION

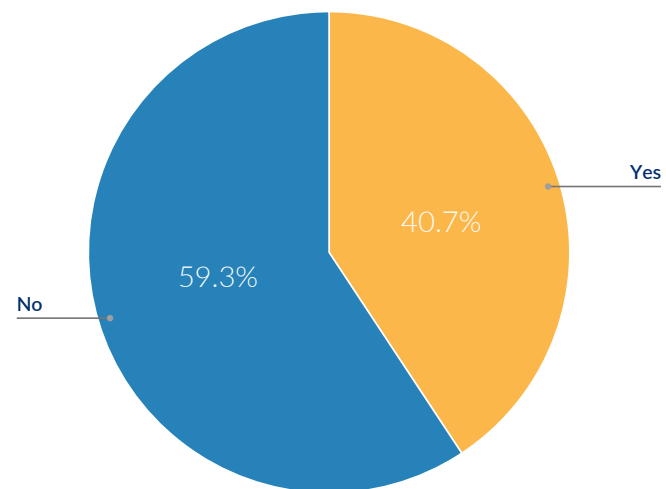
Currently, survey respondents put more emphasis on sales than marketing. While nearly 60% of participants have a dedicated sales team, only 40% have someone dedicated to marketing.

Do you have a dedicated salesperson/sales team?



Number of responses: 113

Do you have a dedicated marketing person/marketing team?

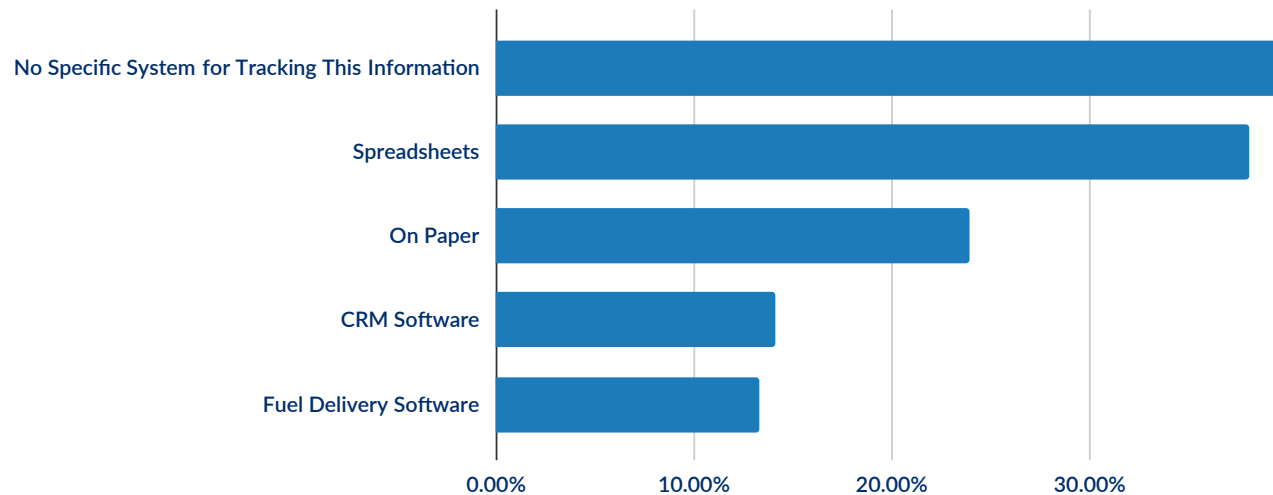


Number of responses: 113

TREND 04: CRM & MARKETING AUTOMATION

While sales is an important area of focus, very few respondents have an efficient way of tracking sales opportunities. Nearly 40% of participants say they don't have a specific system for tracking leads. About 40% are using spreadsheets, and 23% are tracking leads manually on paper.

How do you track sales opportunities and prospective customer information?

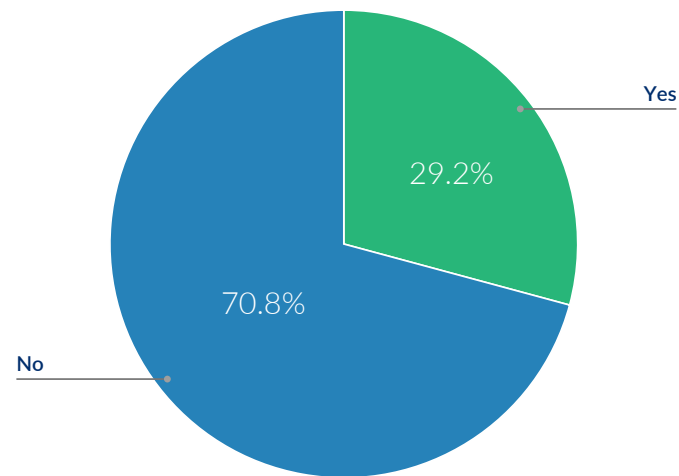


Number of responses: 113

TREND 04: CRM & MARKETING AUTOMATION

Many respondents are not yet taking advantage of marketing automation. Email automation especially is a big opportunity for small or midsize businesses who want to communicate with their customers and prospects more efficiently, but who aren't ready for the price tag of a CRM system.

Do you use a marketing automation tool for emails, website forms, surveys, or activity tracking?



Number of responses: 113

TREND 05:

MOBILE TECHNOLOGY

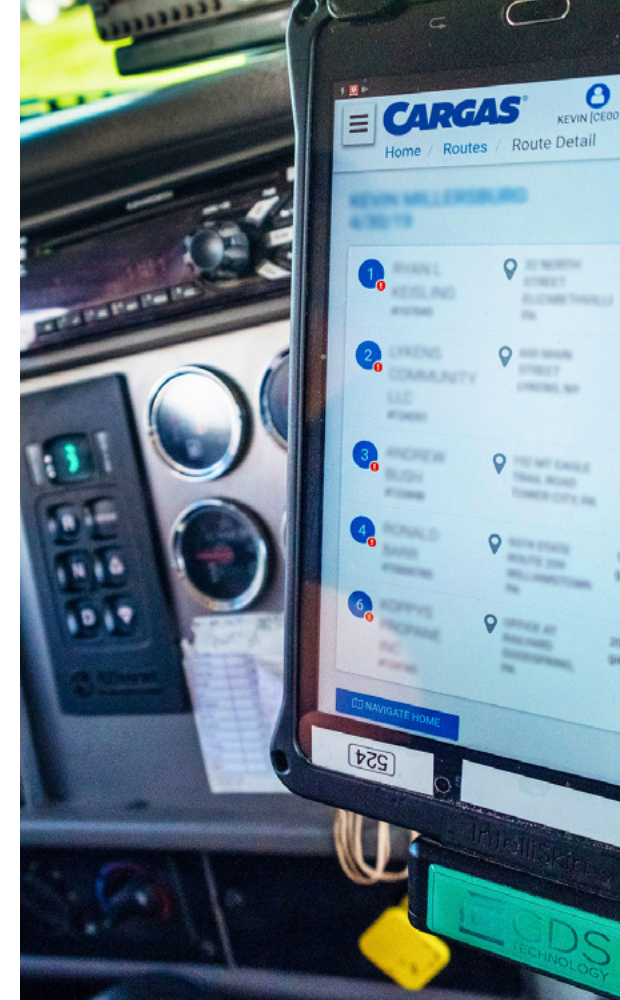
Your business runs best when your office team and your drivers are working in sync. Modern mobile technology provides real-time communication across your team so everyone is on the same page. In the past, the cost of rugged mobile tablets may have been a barrier to implementing a mobile solution. But today, Android offers cost-effective options with better connectivity than any other provider.

Key Benefits

- Instant communication between the office and your drivers
- Immediately respond to new requests from customers
- Change tickets, routes, and prices throughout the day
- Track the progress of each driver in real time

Competitive Advantage

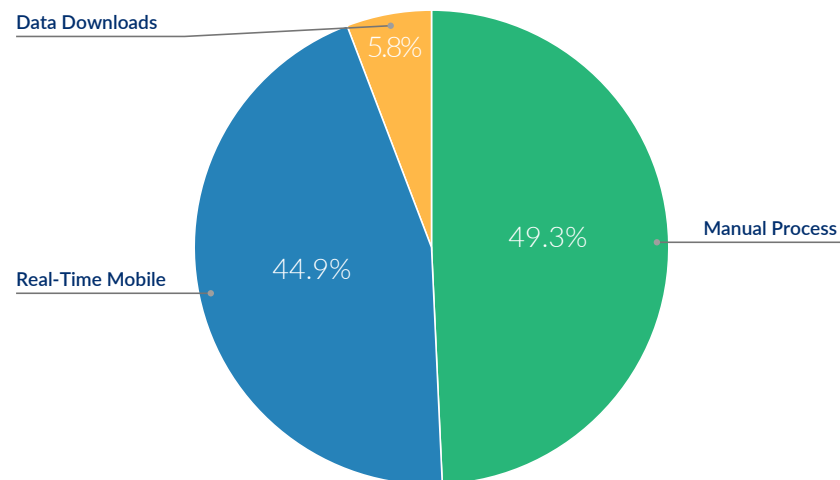
Modern mobile technology saves your team time and gives you the flexibility to respond to changes throughout the day. With instant communication across your team, adding emergency stops, changing prices in the middle of the day, or responding to a customer's question about when their delivery will arrive is easy to tackle.



TREND 05: MODERN TECHNOLOGY

While the data downloads associated with older mobile technology seem to be a thing of the past, nearly half of respondents still rely on phone calls to communicate information to drivers in the field. This presents a big opportunity for businesses using real-time mobile communication to pull ahead of competitors who are not yet using this technology.

How do you currently get info to your drivers?

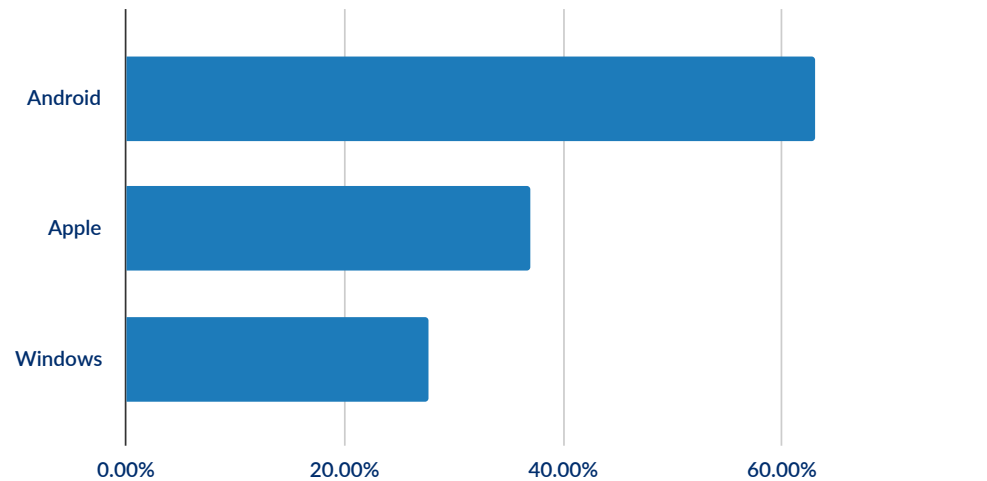


Number of responses: 69

TREND 05: MODERN TECHNOLOGY

Android is by far the preferred provider of mobile devices for respondents.

What type of mobile devices do your drivers and/or technicians use?



Number of responses: 65

TREND 06:

BUSINESS INTELLIGENCE

Energy companies are largely seasonal businesses working within very thin margins. Because there's not a lot of room for error, understanding how your business is performing, where you can make improvements, and having the data to support strategic decisions is key. Strong reporting capabilities in your existing back-office or accounting software or a business intelligence tool that consolidates data across your business can help you get the information you need.

Key Benefits

- Track your performance in real time
- Take advantage of built-in AI to identify trends and potential problems
- Make strategic decisions backed by data
- Make decisions faster

Competitive Advantage

In some cases, reports can take days or weeks to produce. When you have the information you need at your fingertips, you don't have to wait to make strategic decisions, which can keep you ahead of the competition.



TREND 06: BUSINESS INTELLIGENCE

Top Metrics for Fuel Dealers

Respondents are using these key metrics to track their performance.

Financial

- Margin
- Net and/or gross profit
- Price per gallon
- Profit by delivery
- AR (accounts receivable)
- Expenses
- EBITDA (earnings before interest, tax, depreciation, and amortization)

Gallons

- Gallons delivered
- Gallons delivered by product
- Gallons delivered by degree day
- Gallons purchased
- Gallons per stop/location
- Gallons per mile
- Gallons per day
- Gallons per driver

Delivery Efficiency

- Deliveries/stops per driver
- Deliveries per day
- Stops per hour
- Stops per truck
- Miles driven
- Delivery time
- Percentage fill
- Customer usage rate
- Outages

TREND 06: BUSINESS INTELLIGENCE

Overall Performance

- Total sales
- Total number of deliveries
- Total number of tanks delivered
- Number of automatic tanks/deliveries
- Number of orders placed
- Number of customers
- Total wholesale gallons sold/delivered
- Total gallons sold/delivered year over year
- New accounts added
- Customer satisfaction

Service

- Number of service appointments
- Installs vs. pickups
- Service contracts
- Callbacks
- Service margin
- Billable time
- Technician performance

Personnel

- Attendance
- Hours and/or overtime
- Safety

Number of responses: 65

TREND 07:

CYBERSECURITY

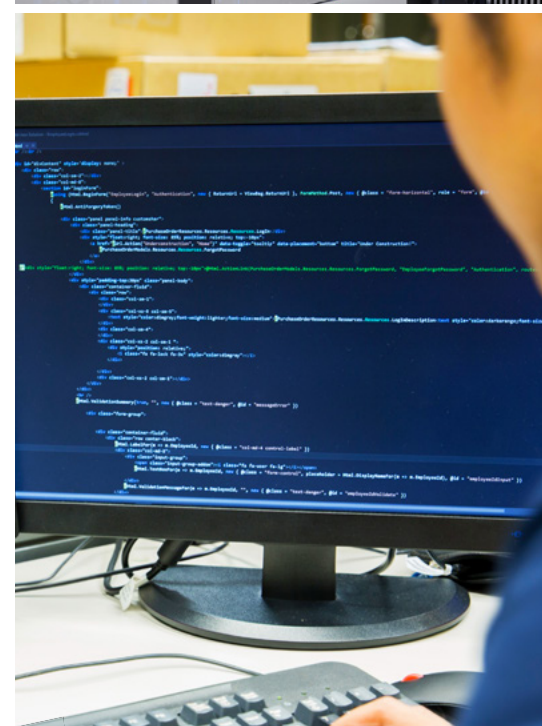
Cybersecurity may be less of a trend and more of a necessity. Especially because fuel dealers are managing their customers' personal information in addition to their own. Keeping data secure is a top priority for most businesses, and there are many ways to do it, including hiring internal IT resources or a security firm, establishing several layers of security around your data, and educating your team.

Key Benefits

- Reduces your chances of a security breach
- Helps you manage a breach should one occur
- Minimizes data loss

Competitive Advantage

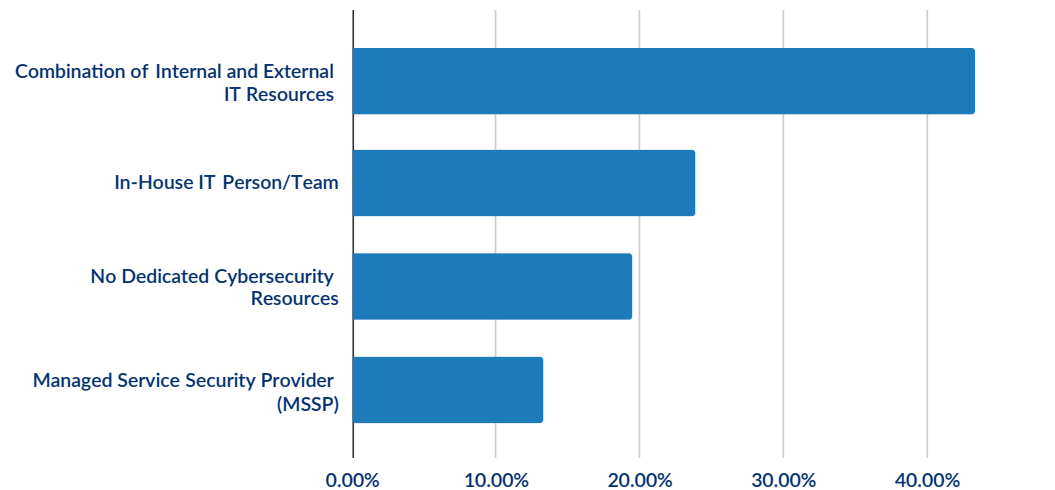
Cybersecurity should be a top priority for any business, especially those handling customer data. A security breach that exposes customer information damages trust and will likely cause you to lose customers. Preventing a breach and having protocols in place to respond to a breach are important for your business and your customers.



TREND 07: CYBERSECURITY

Respondents are using a combination of internal and external resources to support their cybersecurity needs. Internal resources are helpful for establishing and managing cybersecurity protocols and responding to immediate threats. While external resources can evaluate your existing security, identify areas of weakness, and provide ongoing threat monitoring.

Who manages your cybersecurity?

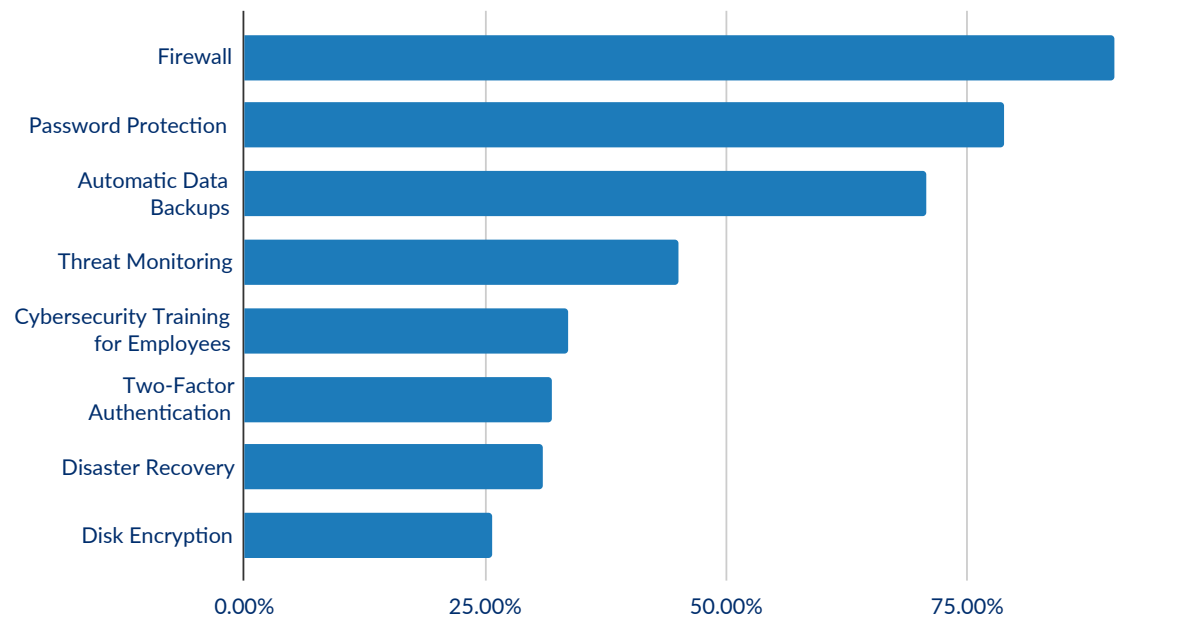


Number of responses: 113

TREND 07: CYBERSECURITY

Respondents are using a combination of security measures to keep their data safe.

What security measures do you have in place to protect your company and customer data?



Number of responses: 113

OVERVIEW:

OTHER TECHNOLOGY TRENDS

Some trends, like the cloud, impact the entire tech industry. These two trends have become common among most software providers, including many in the energy industry.

Subscription Pricing

Traditionally, you paid a one-time fee for software and installed it directly on your office computers or servers. Once installed, it was yours to use forever.

But cloud software is not installed on your local machines. Instead it lives on servers owned by the software provider. For most cloud products, you pay the provider a monthly or annual subscription to use the software—similar to leasing a car. In the tech world, this is known as software as a service or SaaS.

Popular SaaS products for business include QuickBooks Online, Office 365, Salesforce, Slack, and Dropbox.

In the energy industry, you can expect to see subscription pricing for cloud hosting services, web portals, credit card gateways, and many tank monitors. And we expect to see more technology vendors adopt this pricing model in the future.



OVERVIEW: OTHER TECHNOLOGY TRENDS

Integration Capabilities

It's always been possible to integrate software, but the process hasn't always been simple. Previously, software integrations required code or database changes to one or more of the programs being integrated. Which involved accessing the servers or computers the software was installed on.

But with the arrival of the cloud and application programming interfaces (APIs), integration is easier than ever. With APIs, software programs can be linked to one another without changing the software's code or database. And with cloud software, there is no need to access an on-premise server—the software and APIs can be accessed by developers anywhere in the world.

Modern integration capabilities have turned the concept of suite software—software designed to cover all major areas of a business's operations—on its head. Instead of suite products, software providers are now developing programs that focus on one specific area and that have exceptional integration capabilities.

For businesses, this means you no longer have to try to find a software product that meets every need of your organization. Instead, you can bundle several very specialized products together to create your ideal solution with the exact functionality you need. In the tech world, this is often called a best-in-class or best-of-breed strategy.

Fuel dealers taking advantage of integration capabilities can build office systems that are scalable, configurable, cost-effective, and tailored to their unique needs. This helps them work more efficiently than companies that may be hindered by a lack of functionality and that don't have the integration capabilities necessary to add the missing features.

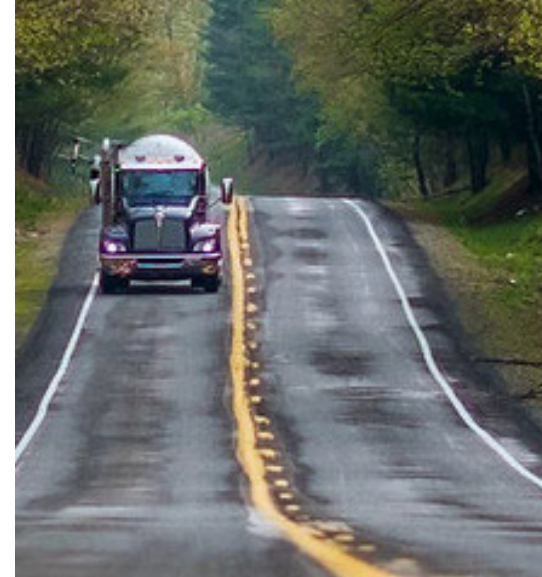
Overall, we expect integration capabilities to continue to improve, making it easier than ever for businesses to choose the exact tools they want to manage their operations.

OVERVIEW:

FUTURE PROJECTIONS

Technology is constantly changing, and as it does, so will the tools being used by fuel dealers. Here are some things we believe are starting to impact the energy industry now or will in the future.

- **Paperless office.** Companies across industries are using technology to reduce their use of paper.
- **Remote workforces.** Workforces are more distributed than ever before, with employees spread across office locations, states, or even countries.
- **Energy e-commerce.** E-commerce sites are appealing to customers and likely to become more common in the propane and heating oil marketplace.
- **Internet of things.** Imagine major household appliances being able to identify when they're due for service or capable of running basic diagnostics.
- **Voice command.** Today's consumers would appreciate devices or apps that could recognize commands like "order more propane" or "schedule a service appointment."
- **Artificial intelligence.** In the future, software might be able to identify and record an appliance's make, model, and other information from a picture or scan taken by a service tech.
- **Augmented reality.** Fuel delivery drivers could use augmented reality for navigation or to display customer information on their AR glasses.
- **5G.** While we're probably a few years out from the full impact of 5G, this next-generation cellular network is expected to handle more data at greater speeds and have better responsiveness than 4G networks.



OVERVIEW:

METHODOLOGY

This online survey was conducted in October and November 2019 with fuel dealers across North America solicited via email.

The survey had 113 participants who are using a range of software and other technological solutions to support their business. Not every participant answered all questions. The number of respondents for each question is below each chart.

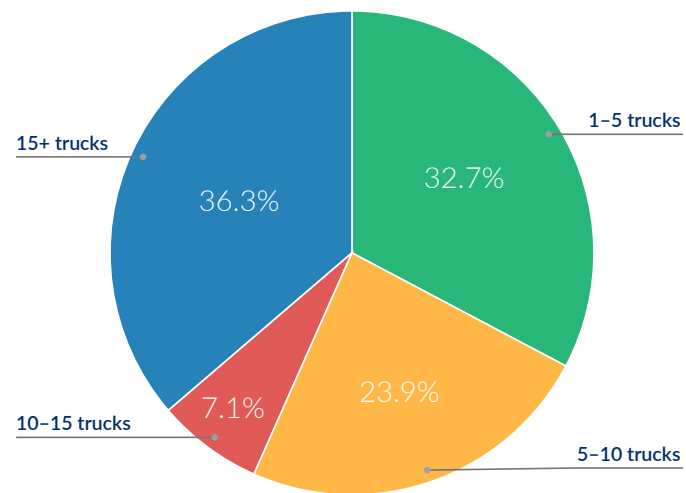


OVERVIEW: METHODOLOGY

Participant Overview

Survey participants are evenly distributed among small, medium, and large businesses, with about one-third of respondents in each category.

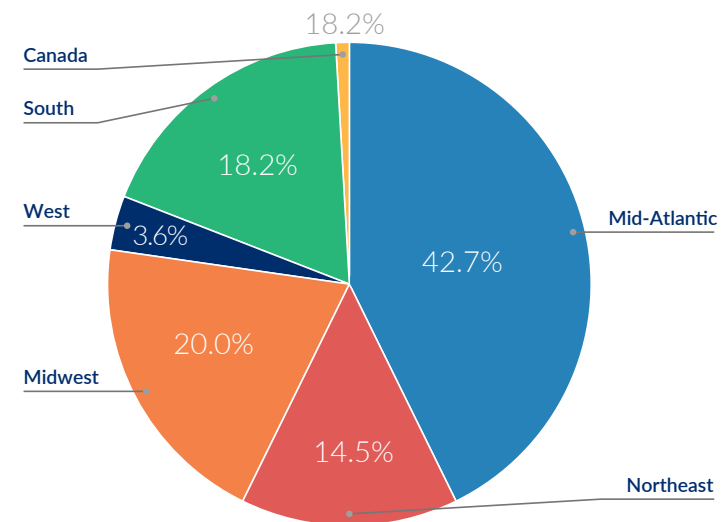
How many delivery trucks do you have?



Number of responses: 113

Most survey participants have companies headquartered on the east coast in the northeast or mid-Atlantic regions. One respondent is headquartered in Canada.

Where is your company headquartered?

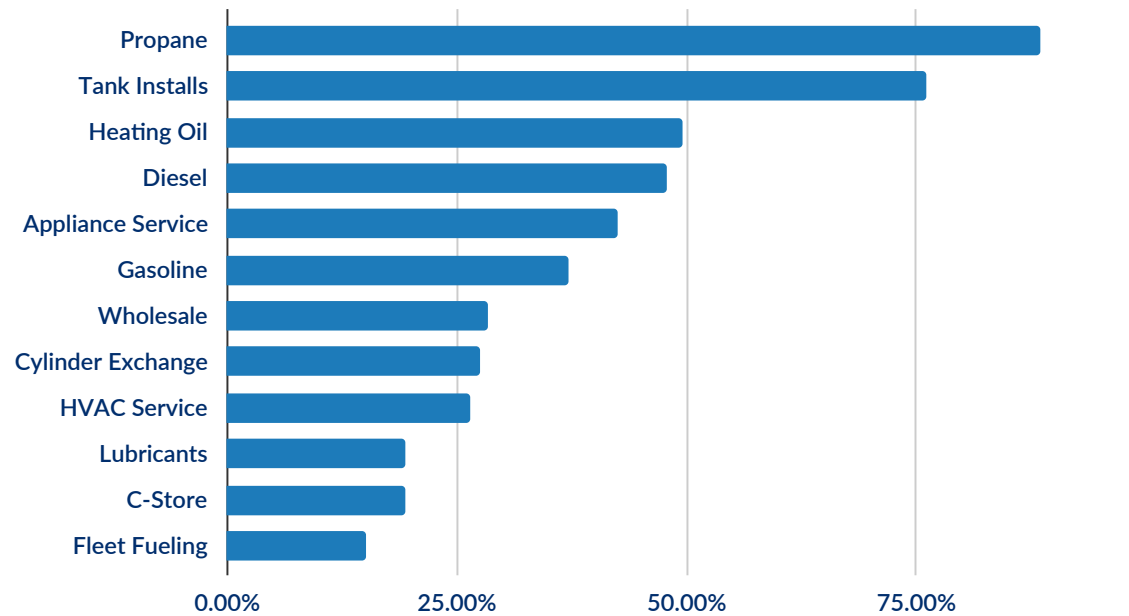


Number of responses: 113

OVERVIEW: METHODOLOGY

Survey participants offer a variety of fuels and services to their customers. Nearly 90% of respondents sell propane. 87% are diversified, offering more than one fuel type or service.

What products and/or services do you offer?



Number of responses: 113

ABOUT CARGAS

Cargas offers software to cover your business from end to end. From selling your products and services to delivering fuel to managing your finances, our software makes every process just a little bit easier so you can focus on what's most important—growing and running your business. Our products include Cargas Energy, leading software for fuel delivery and HVAC service companies, as well as popular tools from Microsoft and Sage.





101 North Queen Street, Suite 300, Lancaster, PA 17603
717.560.9928
info@cargasenergy.com

cargasenergy.com