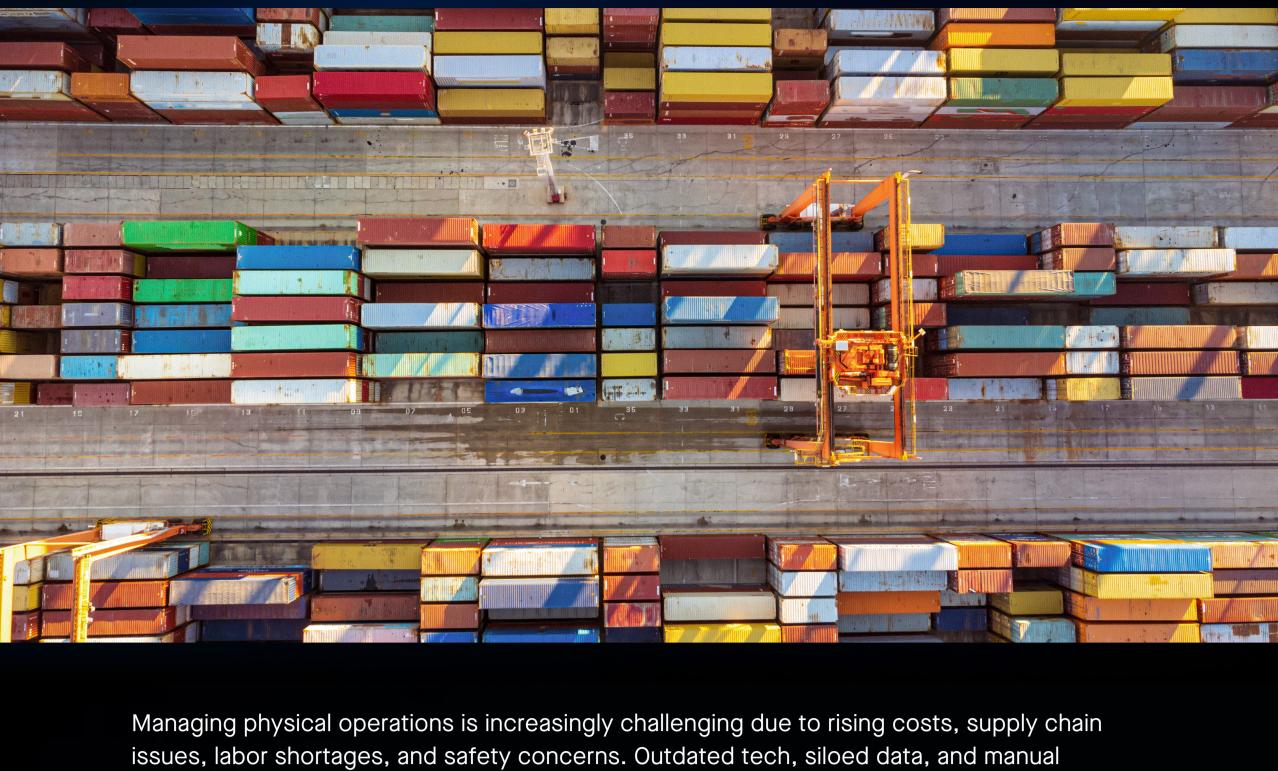
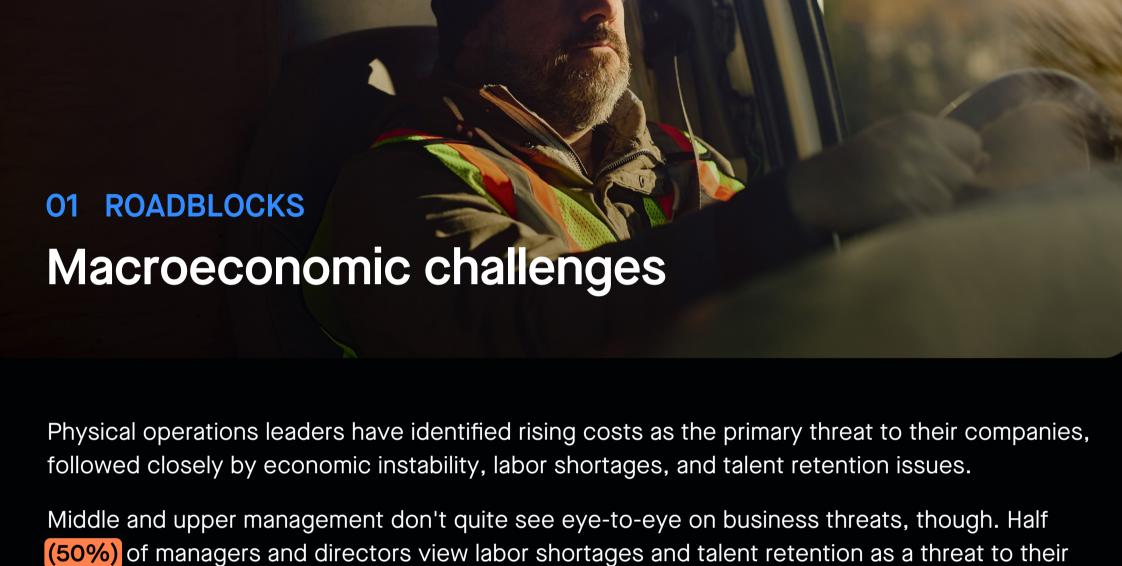
# **Confronting Challenges and Charting** Opportunities in the Physical Economy



operations are making these issues worse. As a result, the people who manage physical operations are struggling. Balancing productivity, profitability, and worker safety has become a real challenge because leaders lack a 360-degree view of their operations. So, where do we go from here?

Motive surveyed 1,000 leaders across trucking and logistics, construction, oil and gas, and more to better understand the challenges faced by leaders in physical operations over the past year, as well as the opportunities that lie ahead. Read on for insights on the state of the physical economy and tools you can implement to improve the safety, productivity, and

profitability of your business.



business, compared to only 39% of those in the C-suite.

The biggest business threats over the last 12 months

Rising costs (insurance premiums, fuel, maintenance 59% costs, accident-related expenses, etc.) Economic instability (interest rates, inflation, lack of 51% access to capital, etc.) 45% Labor shortages, talent retention 42% Supply chain disruptions Operational inefficiencies (mismanaged assets, lack of 36% visibility into operations, excess of admin work, etc.) 33% Extreme weather events Regulatory issues or changes (DOT regulations, 32% sustainability regulations, etc.) 31% Worker safety issues (accidents, fatalities, litigation) Theft or fraud (e.g., credit card/fuel fraud, 27% stolen equipment, property or shipments) 27% Fluctuations in consumer demand Inside the minds of physical economy leaders

**f** I struggle with the

unpredictability and

lack of software to

manage and forecast

## items." the issues that arise."

These threats have a substantial impact on revenue generation.

Revenue is on the line

I face mental

pressure about the

economy and the

various business

rising price of

challenges listed above. Industries like trucking and logistics and oil and gas experienced over \$1 million in losses.

\$867,634

The average reported revenue

lost per company over the past

12 months because of the

Our workload is insane and we

can't retain workers at all. With

has to work 60+ hour weeks."

the labor shortage everyone else

ff I am very

losing good

top talent."

concerned about

employees, and

looking for ways to

attract and retain

The 12-month view is both optimistic and uncertain

18% expect it to be about the same. Still, 32% of leaders foresee a worsening economic

back on track, 35% of leaders still anticipate ongoing supply chain issues.

Half of physical operations leaders think the economy will be better 12 months from now, while

landscape over the next 12 months. And even though some supply chains seem to be getting

The emotional toll of uncertainty

Physical operations leaders navigate a stressful

work environment but there has been improvement of physical economy 93%

leaders feel at least a

little underappreciated,

work on a weekly basis.

stressed or anxious at

of physical operations 52% leaders are more satisfied The number one thing keeping with their job this year me up at night is the stress of than last year. having people depending on me."

02 NAVIGATING DATA SILOS Leaders' visibility challenge To successfully navigate challenges and run a safe, productive, and profitable business, leaders need visibility into every corner of their operations.

But fragmented data and disparate tools are hindering

their ability to effectively understand and operate their

on-the-road, on-site, and back-office operations.

1 in 3 say they don't have of leaders say they lack a single view into the visibility needed to their workers, vehicles, assets/equipment, spend/payments, etc. effectively do their jobs. Many fleets have been forced to use

### Tool chaos 46% of leaders are using more than 10 individual tools

Low visibility

to manage operations. 30% of leaders say it's too many to count.

Managing by crisis

44%

This reduces profitability, increases safety risks, and is an inefficient use of leaders' time.

of leaders say they spend most of their

time dealing with reactive issues versus

proactively managing workers, vehicles,

of the C-suite admit to losing track of

vehicles monthly, compared to 34% in

manager/director roles.

spending, or assets/equipment.

antiquated tools and a multitude of

systems, complicating data management.

In fact, 1 in 5 physical operations leaders

are still using pen and paper to manage

workers, drivers, vehicles, equipment,

Data silos and poor visibility are hindering

respond effectively to business challenges.

leaders' ability to manage assets and

and fleet-related spending.

number is the same for enterprise fleets (44%). in construction admit to monthly tracking issues, compared to 42% in oil and gas and 40% in trucking.

THE HIDDEN HAZARD

Gauging fraud's grip

Neutral

Among the C-suite, this jumps to 57%

36% Disagree

Let's talk about fraud

of physical operations leaders

lose track of vehicles monthly. This

I don't always know that my employees are safe or where my vehicles are." Despite 36% of leaders identifying operational

average estimate is 19%.

**Concerns about fraudulent** 

44% of physical operations leaders believe fraud is having a big financial Fraud is common, but impact on their business, but they leaders are struggling to aren't sure how to detect it. pinpoint exactly how much of their fleet spend is lost to fraud or theft. The Agree

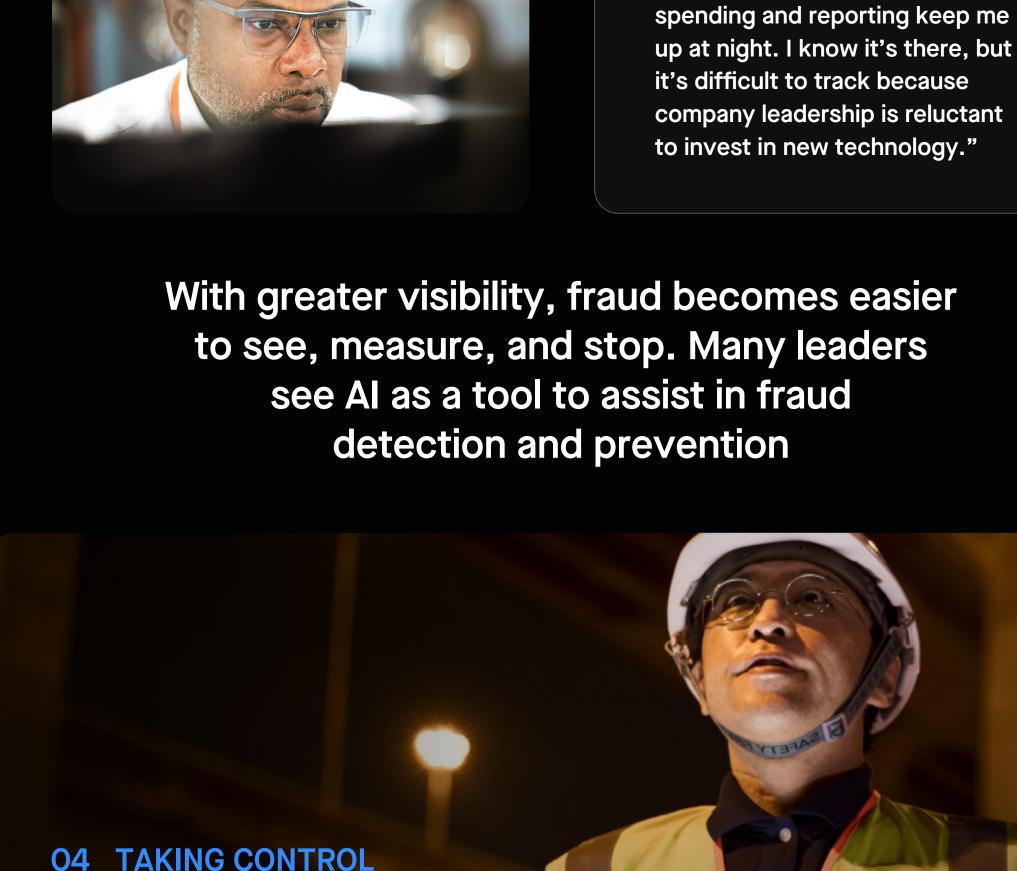
Construction leaders estimate even higher losses, with up to 22% of their fleet payments lost

to fraud or theft, compared to 17% in oil and gas and 14% in trucking and logistics. Enterprises

also estimate higher losses at 19% on average, compared to 16% among smaller fleets.

inefficiencies as top threats in the past year, 81% agree

that data has improved decision-making



Leaders bet on technology

Updated technology/software

**Tech expectations** 

Many leaders are dissatisfied with their

them both unreliable and inaccurate.

current tech solutions, with 40% finding

17%

Identifying communication gaps

operations software within the next 12 months.

45%

43%

37%

37%

31%

operations would make their

jobs easier, they're having

trouble communicating the

value within their

organizations.

vs. reality

Economic stability (decreased interest rates,

decrease in inflation, access to capital, etc.)

31% Supply chain improvements Increases in consumer demand Operational efficiencies (visibility into assets, visibility into operations, reduction in admin work, etc.) Improvements to labor shortage, improved talent retention Decreasing costs (reductions in insurance premiums, fuel, maintenance costs, accident-related expenses, etc.)

Amid economic uncertainty, a structurally constrained

The biggest opportunities for the next 12 months

33%

31%

30%

29%

28%

23%

The unoptimized efficiency of our

fleet management operations is a

big concern, especially when it

comes to integrating newer

technologies."

labor market, and fraud threats on the rise, leaders

see technology as one of the only aspects of their

operations that they can consistently control.

#### Lack a single view into my operations' workers, 42% vehicles, assets/equipment, spend/payments, etc 42% Data security/privacy concerns 41% Data silos/lack of integration 37% Lack of Al/automation 24% Hard to use/not intuitive 24% They've introduced new risk 23% Unreliable/inaccurate

No clear ROI

For the coming year, nearly all leaders are actively preparing investment plans, with a significant

portion of budgets earmarked for both software and hardware enhancements. Notably, more

In trucking and logistics, 44% of leaders plan to invest, compared to 40% in oil and gas and

33% in construction. C-suite executives show greater enthusiasm, with 46% planning to do so.

than one-third of physical operations leaders have outlined intentions to invest in physical

Major concerns: Leaders' key issues

with current tech solutions

Where leaders are planning to invest over the next year

In contrast, among managers and directors, this figure stands at 32%.

Workforce management software (e.g., driver 40% qualification, learning management, timekeeping) 37% Fleet management software Spend management software (e.g., fleet costs, fleet 37% payments, fleet card expenses, fuel card expenses)

30% Sustainability initiatives (e.g., electrification of vehicles) Worker safety cameras (drivers, workers 29% **Even though leaders express** overwhelming agreement (80%) that implementing a unified, end-to-end solution for managing physical

Al/automation Physical operations platform (bringing fleet management, spend management, safety, etc.

Employee training & upskilling/retention

New or upgraded equipment, assets, vehicles

Customer experience/service improvements

in the field, etc.)

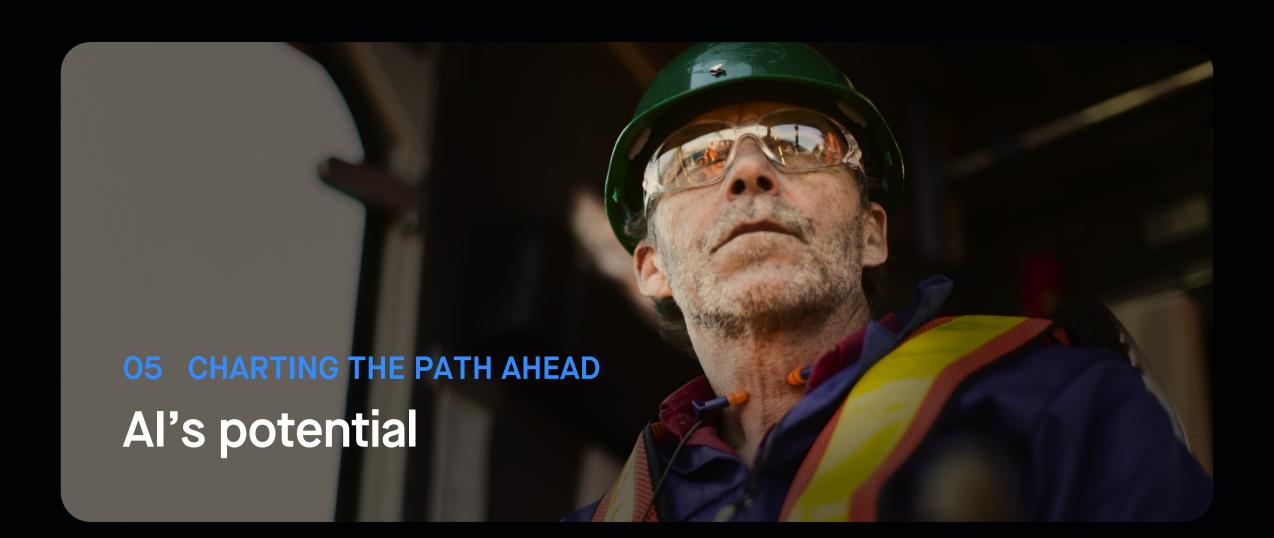
of leaders agree that having a single, end-to-end solution to manage physical operations would make their jobs easier.

of leaders have trouble communicating the

vehicles, fleet spend, safety, workforce, etc.

value of a single platform to manage their

to stakeholders at their company.



Physical operations leaders are embracing AI, with 69% recognizing its potential to positively impact their roles. Within the construction industry, 40% of leaders believe AI will enhance worker safety, compared to oil and gas at 31% and trucking and logistics at 30%. Forty-nine percent of C-suite executives anticipate greater safety benefits from AI, compared to 26% reported by manager/director leaders. Regarding vehicle operators' well-being, 42% of C-suite leaders think AI will make their

employees happier, compared to 25% among manager/director positions. Only 12% express concern about AI eliminating their jobs. Approximately one-third believe AI

can help address the industry's labor gap, with 35% of C-suite leaders sharing this view, compared to 25% of manager/director leaders.



what our previous system didn't tell us. In most cases, we found out about problems hours after they happened. We couldn't prevent issues or respond immediately. With AI, the game

One of our biggest issues was dealing with what we didn't know and

employees and immediately alert us. The data we have at our fingertips now helps us predict better, respond

has changed. Now with Motive, we have AI capabilities that identify our

faster and eliminates extra time and steps. Now, we can keep our employees safer, serve our customers better and free up time for what really matters." Nick Oney, Fleet Director, Kendall-Xylem



## Leaders view AI as a game changer for their

**Automated intelligence** 

companies. Physical operations leaders, in particular, are counting on AI to help them keep tabs on assets and vehicles, make better use of resources, and make data-informed decisions.

#### Where AI can bring the most value 43% Tracking assets and vehicles and optimizing utilization 40% More accurate decision making 39% Budget/expense planning Reducing administrative work/automating business operations 39% 38% Detecting and preventing fraud 37% Anticipating demand/forecasting 35% Sustainability analysis 34% Predicting vehicle/equipment maintenance needs 31% Improving worker retention 31% Reducing job completion times 29% Reducing fuel costs and consumption 25% Preventing accidents and coaching drivers

Safety on the open road

Leaders also see AI as essential for gaining

operational insights, cutting costs, and

improving safety and efficiency

## **76**% of leaders want to use AI to gain

operations.

of leaders agree that roads are safer with AI-enabled cameras/ **73**% coaching drivers.

critical visibility across their physical

company.

dash cams, and 64% say AI is crucial for preventing accidents and

say AI is crucial to reducing costs

and increasing efficiency at their

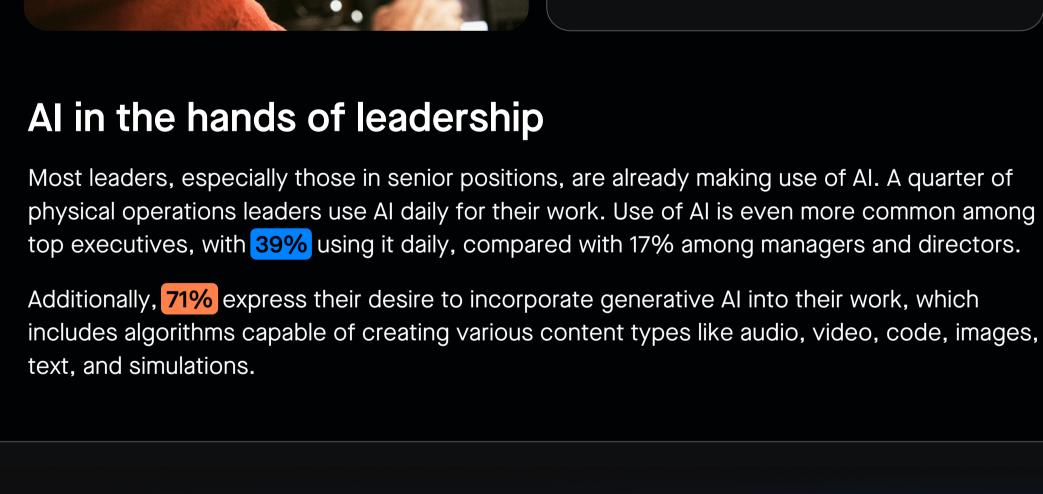
grasp Al's potential, or they worry about how their teams will take to it. I worry about our transition into an Al-supported system. It is uncharted for my company and

On average, C-suite leaders are more enthusiastic

about the benefits of AI, compared with managers and

directors, who handle day-to-day operations and work

closely with drivers. Some managers might not fully



appreciate it."

I don't know that my drivers will

## Charting a new course

In the face of relentless challenges, physical operations leaders are navigating a landscape fraught with rising costs, labor shortages, and economic instability. These challenges not only test their resilience but also shake the very foundations of their businesses. The message is clear: the physical economy is in need of transformation.

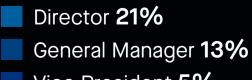
The good news? While the challenges are real, so are the opportunities.

The future of physical operations hinges on leaders' ability to embrace technology, remove data silos, combat fraud, and harness the power of Al. With the right tools and strategies, the industry can emerge stronger, more efficient, and safer than ever before. With determination and innovation, physical operations

can thrive in this ever-evolving landscape.

Respondent profile

Construction 25%



Respondent title

Manager 32%

- Vice President 5% President 2%
- C-level executive 27% For-hire trucking 25% Oil & gas **20%** Manufacturing 9%

Industry

Field services 3% Food & beverage 3% Other 3%

Retail 5%

Passenger transport 2% Public sector 2% Moving & storage 1%

Agriculture 1%

Company size

1,000 - 4,999 employees **31%** 

500 to 999 employees **26%** 

5,000+ employees **19%** 

Fewer than 500 employees 24%

750+ vehicles **54%** 100 to 749 vehicles **46%** 

# Methodology:

Motive conducted this research using an online survey prepared by Method Research and distributed by Cint among n=1,000 managers and higher in the United States at companies that operate commercial fleets of at least 100+ vehicles (including mixed fleet of vans, F-150s, step vans; long and short-haul trucks such as tractor-trailers, straight trucks, dump trucks, and box trucks; yellow irons such as excavators, bulldoz-

ers, backhoes, loaders, and dump trucks; and tank trucks). These business leaders have oversight into fleet management, safety/compliance/risk management, spend management (including fleet costs, fleet payments, fleet card expenses, fuel card expenses) or field service. Data was collected from August 18 to August 31, 2023.