



EROAD

Red Paper

**Leverage a broader solution
platform for ELD compliance**



Technology can help modernize the way carriers achieve compliance and operate their business more profitably

As you consider various options for satisfying the ELD mandate, are you thinking about opportunities to maximize your investment by ensuring the technology platform provides other essential functions?

The due diligence process to select the right ELD solution and provider presents a unique opportunity to evaluate the capability of the technology solution in its entirety. In particular, exploring whether it can, or has the potential to, provide a number of key features that satisfy your compliance and commercial needs is a challenging consideration. Capturing data and analysis to monitor driver performance, maintain your fleet, record accurate distance to simplify tax reporting, document and maximize your fuel efficiency are some things to consider. Beyond the investment of an ELD, layering these additional benefits incrementally can be cost and operationally effective.

So let's pull this apart

An integrated solution that delivers improved tax, compliance and commercial outcomes can, and should, provide a high return on your investment. The challenge is understanding how the technology has been designed from the ground up to meet various regulatory – and hopefully commercial – requirements and whether it can withstand changes in the ever-evolving landscape of operational demands. In other words, any provider must engineer their solution with these in mind and seriously seek to provide a solid foundation on which to build reliable, agile and scalable solutions.

Anything less could have you running the risk of non-compliance, especially if the technology solution does not comply with core regulatory requirements or provide appropriate usability for your business. This is indeed a risk no one wants to take.

And let's consider these key ideas

Technology creates opportunities to simplify and improve compliance – Automatically capturing and processing the information into the required format, helps you and your drivers reduce manual and administrative paper work associated with regulatory and operational requirements. As a result, this allows you to focus on more strategic and broader outcomes around safety and compliance.

An electronic solution designed for regulatory compliance must be secure and robust – As tampering events and malfunctions cannot be fully mitigated, the technology must have the ability to monitor and record such events and any data inconsistencies that may arise. You are responsible for ensuring that the records are accurate and reliable and any gaps or inconsistencies must be identified and corrected. Without a robust system that can be easily audited both internally by you and externally during compliance audits, you may put yourself at risk for penalties arising from incomplete tax reporting and/or FMCSA recordkeeping requirements, including Hours of Service violations.



And finally, the key differences, using tax and ELD requirements as an example

The basis of record keeping and reporting. ELD records consist of changes in duty status for each individual driver, for the vehicles that they drive; in contrast, fuel and weight mile tax records require the trip information pertaining to each individual vehicle, irrespective of the driver. This means that the reporting basis for ELD is by driver, whereas for tax reporting, it is by vehicle.

The level of location and mileage data accuracy and precision. The minimum requirements for the ELD specify that the location must be captured at every change of duty status, and if in driving status, must capture intermediate location recordings every 60 minutes. If the driver operates the vehicle for Personal or Yard Use purposes, the location must be less precise to protect the driver's privacy.

In contrast, even when the driver is using the vehicle for Personal or Yard Use, the vehicle will still be subject to tax, where location and mileage information are necessary. The location must also be more precise in order to accurately treat and calculate the mileage to be taxable or exempt. Overall, to meet the tax record keeping requirements, there must be more precise (quality) and frequent (quantity with high ping rate) location data to substantiate adequate distance records.

Using an ELD is mandatory but using an electronic tax solution is voluntary. On-board recording devices, vehicle tracking systems or other electronic data recording systems may be used in lieu of or in addition to handwritten trip reports for IFTA fuel tax and weight mile tax reporting. The devices and systems may also be used in conjunction with other manual or computer systems.

Increasingly, the benefits of reduced paper work and administrative costs are the motivation for you to adopt technology solutions to support your tax obligations. Further, given the requirement to procure an ELD solution, it is optimal to leverage the same platform for tax obligations. That said, the demands made on technology by tax audit and record keeping requirements are significant. The tax audit process will not only check the correctness and completeness of records, but undertake a holistic and detailed inspection of your entire internal control processes and systems that generated the reports.

THE MARK OF QUALITY AND INNOVATION

How can carriers identify a quality technology platform and provider? What sets them apart?

Quality begins at the foundation. For a technology system to become a trustworthy tool for you to meet regulatory compliance obligations, it must be designed intentionally and thoughtfully to incorporate:

- **Operational user perspectives** to ensure a systematically intuitive experience and seamless change implementation.
- **Built-in capability within technology** that can be configurable and amenable to the changes in the regulatory requirements; e.g. ECM connection, Bluetooth capability, auxiliary inputs.
- **Robust regulatory rules and logic** upon validating with the jurisdictional agencies and enforcement stakeholders.
- **Accuracy** that demonstrates the granularity of the underlying data.
- **Flexibility of the platform** to capture other relevant data as a by-product. Speed reports, idle reports, driver behavior data, harsh braking events, etc.



As we discuss above with the notion of incrementally adding features onto your selected ELD solution, it is impossible to add the foundation of accuracy and reliability as a bolt-on feature after the initial offering is built.

Additionally, a quality provider will aspire to demonstrate and validate their technology innovation with subject matter experts, internal resources, external industry stakeholders, and most importantly, with their customers. Key cornerstones of this concept include:

- **Transparency** around the technical development, testing frameworks and user feedback incorporated into their solution.
- **Commercial or regulatory pilots** to open the system for comparison and share experiences, findings and recommendations.
- **Independent third party audit and certification** of the system against requirements for additional testing and validation.

EROAD keeps its eyes on the mark

EROAD has built an entirely new kind of technology platform for the commercial transport sector: designed from the ground up to meet the highest performance, financial and evidential standards.

EROAD's policies and procedures are aligned to internationally accepted control objectives and practices for privacy, security and information systems. These include our hardware being certified by Federal Information Processing Standard (FIPS) 140-2 Level 3, Common Criteria EAL 2+ALC_FLR.1, and the United States Government Accountability Office Audit and Security Guidelines.

In 2012, EROAD initiated and entered into a commercial and regulatory pilot of its electronic weight mile tax solution in Oregon. The Oregon Secretary of State Audit Division conducted an independent audit of the EROAD solution and found:

- EROAD hardware and service platform accurately and reliably calculated tax information.
- System generated mileage reports were accurate within 1% variance.
- EROAD web services provide a secure and stable platform for transmitting, processing and storing your information.
- EROAD data, reports and records are more reliable and accurate than paper records.

EROAD demonstrated exemplary quality through independent testing and validation on multiple fronts for the tax platform, which will be leveraged for our compliant ELD solution. It is this industry-leading standard that sets a strong foundation upon which a customer's trust is built and maintained.

EROAD. Integrity and innovation. Trusted technology partner, now and into the future.



About EROAD, Inc.

EROAD, Inc. is a leading transportation technology and services company, headquartered in Tualatin, Oregon. EROAD's in-vehicle technology and global electronic platform enables carriers to efficiently utilize their capital and reduce the costs associated with fleet operations and management. EROAD offers a complete suite of user-friendly compliance and telematics solutions, including automated IFTA, electronic weight-mile tax, ELD-ready electronic logbook, support for driver safety, vehicle maintenance, fuel and fleet utilization reporting. EROAD's independently proven, secure platform guarantees accurate data that you can rely on to provide insight and competitive advantage.

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