

Lowering Operating Expenses

Applying effective benchmarks to control corporate maintenance policies and programs

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As corporations turn their attention to lowering operating costs in their decentralized fleet operations, strategic analytics and customized solutions are critical tools.

Apria Healthcare, an alternate site respiratory care provider serving more than 1 million patients annually, operates a 2200-vehicle fleet. They needed a fleet management company to identify opportunities to drive cost out of fleet operations, and then develop a strategy to achieve an improved bottom line.

With strategic analytics and auditing of regional maintenance spend, a dedicated team of consultants from Donlen, a solutions-oriented fleet management provider, developed strategies that could save Apria more than \$250,000 annually.

The Challenge:

Lower operating costs in variable maintenance spend

The Solution:

Consolidate purchasing methods and manage vendor selection

The Results:

Reduce overall maintenance spend up to \$250,000 annually



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Lower operating costs in variable maintenance spend

Headquartered in Lake Forest, California, Apria employs more than 11,000 healthcare professionals in more than 504 branch offices in the United States. Concerned with mounting fleet expenses, but unsure of an area to target for cost reduction, decision makers at the corporation selected Donlen for its strategic approach and benchmarking capabilities.

The fleet management company is based in Northbrook, Illinois, and immediately applied its expertise to first identify cost savings opportunities, and then develop a solution to expedite cost reduction.

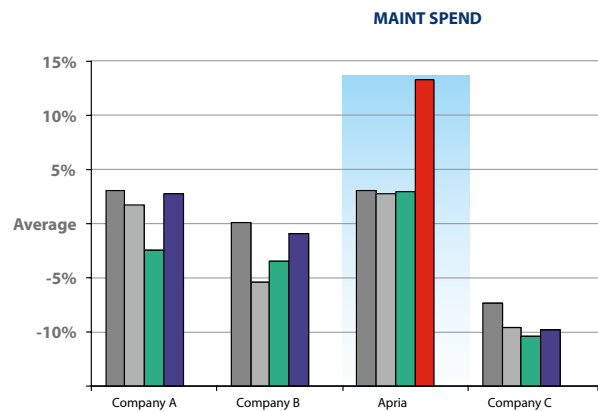


The Solution:

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Donlen's strategic consultants reviewed maintenance spend data collected from Donlen's Maintenance Management program. With careful analysis, Donlen determined the fleet's expenses were approximately 13% above the Donlen benchmark. Due to the critical care equipment requirements of their vehicles, independent garages were the preferred choice for maintenance services. Donlen's recommendation was clear: to establish a consistent purchase policy based on Donlen's benchmarks for like fleets, and bring costs down by as much as \$250,000 annually for overall maintenance spend.

Because Apria's vehicle types varied, the fleet was not able to participate in national vendor maintenance programs, resulting in the company's reliance on independent garages. With that in mind, Donlen took a proactive approach and audited all non-national account purchases. Donlen acquired a customer loyalty discount for the company, with reduced labor rates, and a regionally focused customized program was established.



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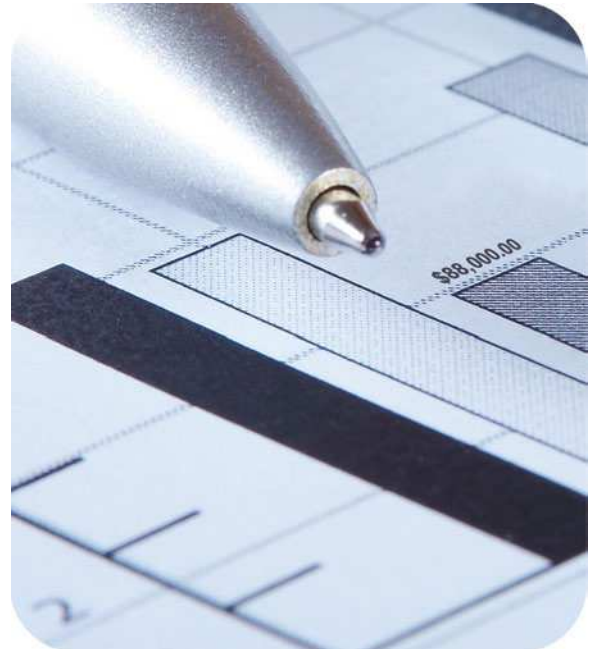
With the newly established regional non-national account vendor discount and a focused and centralized purchase program, Apria achieved an \$88,000 savings in the first quarter after the program's implementation.

Garrett Saito, VP of logistics for Apria, said the figures exceeded the company's goals.

"Donlen not only identified where our spending could be reduced, they also provided the cost reduction solution," he said. "The solution Donlen created for us has eliminated unnecessary spending, lowering our fleet operation expenses. Donlen's approach is simple, easy-to-use, and most importantly, cost-effective."

As a follow-up assessment to the program implementation, Donlen strategic consultants provide a quarterly scorecard of analytics for the fleet's ongoing operating costs.

Donlen ensures continual cost reduction, and identifies additional opportunities for savings, with these analyses by establishing customized client goals and measuring against like-fleet benchmarks.



Donlen has been recognized by The International Association of Global Outsourcing Professionals Top 100 for 2011, 2010, 2009, 2008, 2007, and 2006.

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- **Garrett Saito**, VP of Logistics, APRIA