

More links the truck brands Volvo and IVECO than may first meet the eye. Not least, both have ambitious new UK heads in Robert Grozdanovski and Sascha Kaehne. Will Dalrymple spoke with both of them



Market reflections

Both Volvo Trucks and IVECO sell and service medium and heavy goods vehicles, as well as operate large manufacturing plants in Europe: Volvo Trucks' corporate parent Volvo AB also manufactures construction equipment. IVECO's is CNH Industrial, which also operates tractor and construction manufacturers Case and New Holland.

This fact was immediately apparent on approaching IVECO's UK base in Basildon, which is tucked to one side of an enormous CNH tractor factory. There, in January, the author met IVECO UK and Ireland business director Sascha Kaehne, in post for a year. He explains that the operation, plus IVECO Bus and the FPT engine production, is in the midst of preparing to spin off from the agricultural machinery business, to float on the stock market in early 2021. "This is because the regulatory environment and technology roadmap is definitely diverging," he comments.



Compared to the tractor business, which is said to be a top-three player that dominates markets worldwide, IVECO's on-road vehicles business is only a small player in Europe. "It's definitely not the same size and does not offer the same economies of scale of some of our competitors. So the question will definitely be what will be the group's strategy starting in 2021," he observes. He goes on to add that part of it might be partnerships, such as the recent deal with electric truck maker Nikola of the USA; IVECO gets access to a new technology platform, while the American firm gains a foothold on the European continent (see also www.is.gd/iwojax).

Meanwhile, Volvo has only just come out of a break-up; after acquiring Renault's truck division in 2001, in 2018 the group decided to separate the Volvo Group Trucks Market Company organisation between Volvo Trucks and Renault in the UK & Ireland and several other European countries.

Speaking in November by telephone, Volvo Trucks MD Robert Grozdanovski, now in post for more than a year, explains: "That model developed partly as a way to support the Renault brand in areas where its market share meant it couldn't afford a network, such as in the Nordics and in central Europe. But I believe that the ideal is to have separate brands, because it provides good brand identity; there is no doubt which brand you represent." Even in those days, he recalls, the sales operations were always distinct, partly because the brands were run in competition. "The collaboration was more behind the scenes, to get efficient accounting systems, HR and other shared functions."

Now, as Volvo's UK MD in a corporate structure that makes the two brands distinct, he admits that he is surprised to find how little they overlap. "I remember attending a Renault event in Europe, and was looking forward to seeing some of my customers, but there were hardly any. It was a totally different customer group."

As they come into their own, both truck brands are offering new tractor models this year. IVECO's is the S-Way, pictured p13. While it shares the driveline components launched on model year 16 of the current Stralis tractor model, including axles, drivelines, gearbox and electric wiring, what's

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new is a cab design. The aerodynamic improvements of it are said to offer a 4% fuel economy benefit. A right-hand drive version launches this spring, and deliveries will start to arrive this summer.

The new Volvo FM and FMX regional distribution vehicles also have a new cab with greater interior space and better visibility. The FH long-haul truck and premium model FH16 both have a cab whose interior and exterior have been redesigned. They also feature extra safety features and new adaptive-beam headlights that change in response to oncoming traffic, and its cab features new accents and trim.

Back in Basildon, Kaehne also makes an impassioned pitch for gas to help decarbonise heavy haulage – and two natural gas versions, 335bhp and 454bhp, are promised. Electric vehicles' environmental benefit depends on how their electricity was created in the first place, he says – so the electricity of countries generating power with coal, including the UK, isn't very green. "What is the best fossil source for decarbonisation? It is methane, because one carbon atom is linked to four hydrogen, so that's the best ratio you can get, 4:1." (That means that it produces less CO₂ than diesel, whose molecules can have up to 25 carbon atoms, although the ratio of carbon to hydrogen



is actually higher.) He continues: "It offers a contribution to CO₂ goals and to climate change. It's not the only thing that there is; it's just the best that we have at the moment." Volvo also offers an LNG driveline, included as an option on its new FH and FM cabs.

Both brands seem to be focusing their attention on one particular job description. In discussing the launch of the S-Way and its new cab, Kaehne says: "We're giving more attention to the driver." At Volvo, Grozdanovski says its focus on driver comfort distinguishes

it from other brands. Regardless, both brands offer extra driver coaching to help drivers eke the best possible fuel savings from the vehicles.

Grozdanovski says that he believes that British HGV drivers span a wide spectrum of engagement. "You have very alert drivers who want to learn, want to be experts on the technology to really get the best out of it. And you also have guys that you can train once, twice or three times, and in a week they are back to their old habits. But nevertheless, maybe even more than on the continent,

CHANNEL SURFING

The dealer networks of IVECO and Volvo Trucks are a similar scale, although the latter has a greater ownership stake in the network.

In Volvo's network are 16 dealer groups, operating 85 authorised service and sales points. Every location offers service, but not all offer sales. Three of those groups, operating some 27 workshops and sales points, are wholly owned. IVECO operates 17 dealers in the UK and one in Ireland. Those dealers have 35 satellite locations; in addition, the brand has

also appointed 35 authorised repairers. Only one dealer is wholly owned: London's IVECO Retail.

Both brands operate formal dealer incentive programmes. In addition, Volvo, at its competence development centre in Warwick, employs a team of central trainers who pass on truck, bus and component developments to dealers' own technical trainers. "That's how we cascade out new technology and know-how." The company also organises a technician

apprentice programme, taking 80-100 three-year apprentices per year in combination with a Leicester college. "That helps us to feed the network with young competence." Dealers are required to add apprentices to their books – usually one per depot – and assign each a mentor. The apprentices travel to college near Leicester for two to three weeks of college education at a time to learn the theory, followed by a six-to-seven-week spell back at the depot to put the lessons into practice.

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here drivers are keen on mastering the technology in the last few years. Maybe that's because some companies incentivise them."

BIG DATA

One attribute that both new models share is an ability to record operational parameters from individual components. Properly interpreted, these data streams can provide early warnings about the potential of a component failure. IVECO's data system starts with model year 2019 trucks and the new Daily van launched last year. Volvo trucks are now monitoring and making predictions about the life of wear components including brakes, clutch, batteries, oil and air drier. Running alongside this is a system reading and analysing fault codes generated from a number of other areas and components, for example the NOx sensor or AdBlue nozzle.

Both MDs admit a degree of trepidation about the digital world, and the changes it will bring. For IVECO, Kaehne argues: "We are still very much at the beginning of really understanding what we can do with all of that data; I think that we can do more." Grozdanovski promises to help operators with managing and interpreting big data, which he says is "somehow our responsibility". But he seems uncomfortable with this role. He adds: "We are in some ways a modern



business with modern technology, but still old fashioned in the way we work and act. We are used to selling a truck and then you pay for service. We need to explore this; we don't want to simply predict 'wrong' - that would be terribly bad. That's why we start with a couple of key components to learn from. But one day, of course, we will take over the whole of predictive maintenance for our customers. When that will happen remains to be seen."

Similarly, Kaehne argues that IVECO, rather than individual customers, will bear some of the burden of dealing with data. He offers as an example the case of how the brand might handle a real-time emergency component failure. "The call centre is where the intelligence is,"

he states. If a truck component sends an urgent replacement signal to the network, it can find, in real time, stockists holding that particular part along the vehicle's route, and direct the driver to it. If he or she agrees, the system passes the matter over to the workshop, and informs them that the truck is coming. (This operation is assisted by the company's automatic part delivery system, rolled out in the last few years and operating out of Daventry, which anticipates parts needs.)

When asked if the market is ready for all of this data, Kaehne turns the question on its head. "It's a quite competitive industry. Logistics costs are low. Where do the logistics operators manage to differentiate themselves from the opposition? There are different ways. Gas is an interesting market. It can create extra profit for operators who are able to manage it, operationally speaking. If you get payback after three years, and run the vehicle until six years, you pay a small initial margin, but the impact can be massive. It's the same with data usage. If operators embrace it, and make it work for their benefit, it can be a differentiator. Like every change of technology, it offers risk and opportunities, and the question is what you make of it." **TE**

MARKET POSITIONING

One difference between the two companies is their sales expectations for 2020. Volvo Trucks claimed to be one of the world's largest heavy vehicle manufacturers in 2016. Today, Grozdanovski seems to be relatively content with its UK market position. "I personally think that our products, our team and our brand deserves and should be able to take a little bit of a bigger slice of the market in the UK; that is my personal feeling after 10 months." (However, he was interviewed before the new models were announced.)

Kaehne at IVECO, which he describes as a small player compared to some competitors, was much more bullish: "With the S-Way, the company has great ambitions to reposition itself in the UK market." He says that the company's 2019 sales volume, of some 1,800 medium and heavy trucks and about 5,000 Daily vans "is not where we would like to be" - though he would not disclose numerical targets. He did not blame any particular factor for the company's previous sales performance.