

April 09

## Carbon-neutral transports

Price isn't everything in the logistics industry. Climate protection has become a rallying cry for all companies – not just the large multinational ones. But it isn't enough to claim that you embrace eco-friendly logistics; you have to be able to prove it. Find out how map&guide professional creates competitive advantages with its "carbon offsetting" feature for green logistics.

**The road haulage industry has been hit hard by the global financial crisis. Every day, newspapers are plastered with grim headlines about collapsing order books, mothballed vehicles and mass layoffs. Many transport firms view cost-cutting by any means necessary as the only sure-fire way to actively respond to this crisis.**

The entire industry seems to have frozen, shell-shocked, in its tracks. However, it won't help to bury your head in the sand. This is the time for innovative entrepreneurs to step up and turn this new situation into a business opportunity. Consolidation, process optimisation and intelligent differentiation from the competition are effective tools for preparing your company to thrive and succeed after the crisis has blown over.

One trend seems to have captured the imagination of many companies: offering carbon-neutral transport as a new service. It isn't an easy decision to make when you have to fight for every single freight order. Some dismiss it as a "luxury problem". Others call it "clever" – they've spotted its enormous potential.

In most cases, being proactive about climate protection has two side benefits: reducing transport costs and gaining competitive advantages.

### Cutting costs

When large companies vaunt about having reduced their CO<sub>2</sub> footprint by up to 20 percent within a year, you can be fairly certain that they began by rolling out a professional route or trip planning solution. By optimizing transport runs, dispatchers can eliminate unprofitable trips, make better use of individual vehicle capacity and vastly improve the efficiency of the overall fleet. Best of all, every kilometre saved not only cuts costs and fuel consumption, but it also reduces CO<sub>2</sub> emissions.

Another weapon in the cost-cutting arsenal is driver education. Training courses can sensitise drivers to the benefits and techniques of efficient driving and lead to immediate fuel savings. One provider of these courses in Germany is DEKRA. Drivers who attend classes receive free calculators on which they can calculate potential savings. For example, if a lorry has a fuel economy of approx. 33l/100km (7.13 mpg) and travels 50,000 kilometres (31,068 m), an efficient driver can reduce its CO<sub>2</sub> emissions by approx. 2.2 metric tons (2.43 short tons) and costs by around EUR 950 per year.

## Adding value with carbon-neutral transports

Innovative companies see climate protection as not only a cost-cutting opportunity, but also a potential competitive advantage since they can add "green" transport to their mix of services. That way, they can cater both to customers interested in fast or low-cost transport, and to those looking for eco-friendly transport.

Issuing quotes for carbon-neutral and climate-friendly transport has got much easier now that logistics providers can simply start up a professional transport route planner in order to reliably calculate the emissions for a particular route. The calculations are based on not only the vehicle's individual attributes - for example, a lorry with a total weight of 12 tons and Euro class 4 - but also the route itself. This is because city driving, with its stops and starts, tends to cause higher emissions and fuel consumption than smooth motorway driving. Route and trip planning solutions automatically adjust for these differences in their calculations and present the emissions on the screen or printouts.

## So how can transport be made carbon-neutral?

"Carbon" really stands for CO<sub>2</sub>, a pollutant given off in the combustion of fossil fuels such as diesel and one of the main causes for global warming and climate change. Once CO<sub>2</sub> emissions are calculated for a given trip, it is possible to make it "carbon-neutral" – essentially by paying a certain sum to compensate for the pollution caused by a specific transport run.

This is called "carbon offsetting". The money goes toward supporting special climate protection projects that ensure that, for every ton of CO<sub>2</sub> emitted in Europe, another ton is saved elsewhere, for example, by building a hydropower station in Asia. While this doesn't neutralise the emitted CO<sub>2</sub>, it does prevent CO<sub>2</sub> from being produced elsewhere. And in the global climate system, it does not matter where CO<sub>2</sub> is emitted or saved.

## Standards for wise spending

The best way to assure customers that carbon credits are being spent wisely is with properly certified projects. One organisation that has set up certification standards is the WWF. The WWF Gold Standard is only awarded to projects that meet high quality criteria such as the Clean Development Mechanism (CDM) of the United Nations (UNFCCC).

Gold Standard projects have passed several key tests. Most importantly, project sponsors have to prove that they would not carry out the projects without the extra funding. A wind farm that was already scheduled to be built in Asia would not qualify as a CDM project and would thus not generate tradable emission credits. If, however, plans to build a coal-fired power plant were scrapped in favour of a hydropower station funded with offset payments, the annual CO<sub>2</sub> savings could be marketed as emission credits in industrialised countries. The actual trading is done in "CERs" (Certified Emission Reductions), which represent roughly one ton of CO<sub>2</sub> saved.

The project also needs to be verifiably sustainable. In other words, the project should provide its host country with non-climate-related benefits, such as improvements in the infrastructure or water supply.

Offsets are already being offered for a wide variety of products. Deutsche Post DHL, for example, is one of the few providers to offer carbon-neutral products. Shippers can select carbon-neutral transport for their packages; the company guarantees that the extra fee will be invested in appropriate projects.

### **Cheery prospects for green transporters**

Modern service providers would do well to green their businesses. Environmental organisations are already demanding fast action to reduce and avoid CO<sub>2</sub> and to offset the unavoidable emissions. Luckily, helpful software solutions are easy to purchase. This is an opportunity that innovative managers and dispatchers should seize, especially in the throes of a crisis. By actively marketing carbon-neutral transports now, providers can benefit from the cost savings and competitive advantages of green logistics.

To sum up: climate protection quickly pays for itself if unused resources are channelled toward introducing a trip planning solution, drivers are sent to training courses instead of waiting around in the car park, and carbon-neutral transport is seriously considered as a new service.

### **map&guide professional 2009**

Small and medium-sized enterprises can start offering carbon-neutral transport services today with map&guide professional. The 2009 version of this powerful program not only calculates emissions, but also the costs of offsetting them in climate-protection projects. Since PTV AG, the software developer, does not operate any projects of its own, it partners with established companies who provide access to certified projects. They include the Hamburg branch of Sweden's Tricorona AB and the myClimate foundation in Switzerland. Both organizations see to it that offset fees are invested in climate protection projects that conform to Kyoto Protocol guidelines. After paying the fee for carbon-neutral transport of a shipment, users receive an e-mail or letter containing the official offset certificate for the trip planned in map&guide.

map&guide professional 2009 with the extra CO<sub>2</sub> offsetting feature will be available from PTV AG or

local authorised dealers as of May. Prices start at EUR 799.00. For more information, please visit [www.mapandguide.de](http://www.mapandguide.de).

## Benefits for transport providers at a glance

- ▷ They get their first-ever comprehensive overview of vehicle emissions for every trip their drivers complete.
- ▷ They can sensitise employees and customers to the benefits of environmentally friendly transport.
- ▷ They can market themselves as "green" transport providers and differentiate themselves from the competition.
- ▷ They can accept orders from companies who have made eco-friendly transportation part of their strategy.
- ▷ They can appeal to customers interested in carbon-neutral transport with reliable CO2 calculations and offsetting.
- ▷ map&guide offers a one-of-a-kind, standardised basis of calculation.