

THE FLD WHITEPAPER SERIES

THE FUTURE OF REMARKETING IN AN EV WORLD.



SPRING 2022



Remarketing
Remarketing Without Risk.



The excitement around EV's – electronic vehicles – has been palpable across the fleet space for nearly a decade, growing steadily before seemingly exploding over the past year. As anyone who was at this year's NTEA Work Truck Show in March can tell you, interest in all things EV is at an all-time high. No matter who you talk to, EV's and electrification dominate the conversation.

But while the fleet world is nothing short of giddy about the prospect of widespread EV deployment, many substantive questions persist around how, when and what needs to happen before that becomes a reality.

At FLD, we certainly understand why fleets are excited by the prospect of electric vehicles. Besides the savings, the benefits of operating vehicles with clean energy clearly addresses the corporate world's desire to embrace sustainability.

That said, the reality is that the EV world is still much like molten lava. And reminiscent of what the industry experienced when telematics first crept on to the scene. Still hot, still flowing, and still a long way from sorting out the eventual winners who will go on to be goliaths of the industry, and the losers who will fall on the scrap heap of anonymity.

Along the way billions – if not trillions – of dollars will change hands in the years it will take EV's to become fleet's vehicle of choice.



This year's NTEA Work Truck Show was a charged affair, with EV's and all things electric taking front and center across the show floor.

MANY UNANSWERED QUESTIONS, SIGNIFICANT CHALLENGES AHEAD

The team at FLD – like most of the fleet world - is decidedly bullish on EV's. That said, we'd be remiss if we didn't point out to our customers and partners that there are significant hurdles to clear before EV implementation in fleets hits full stride.

WHY?

Without question, the two biggest roadblocks to widespread EV



adoption are vehicle charging, and limited vehicle range.

When it comes to charging, the problems are many.

For starters, the EV charging process is not as simple as fueling a traditional vehicle, and it can take significantly more time. Time that eats into an operation or driver's workday, something that really isn't an issue with internal combustion engines.

An even bigger problem - finding a place to charge a vehicle, a difficult proposition in a country that currently has fewer than 113,600 as of January 2022, with more than 40,000 located in California. As of now, there simply aren't enough chargers or charging stations to meet what amounts to a small demand, much less the staggering number of

vehicles it would take to run America's fleets. Nor does there appear to be the infrastructure to rapidly support large charging operations, a situation that won't change for the foreseeable future no matter how much the government and private industry get behind them.

That raises a lot of questions about the viability of EV's and how fleets will deal with this problem given the massive influx of EV's expected in the next few years. Currently it's simply a numbers game, and the reality is that even if Tesla, Rivian and Ford produce a minimal amount of the EV's they've projected, there's simply not enough places to charge them to make them viable fleet vehicles.

Practical Solutions Hard to Come By

Perhaps even more concerning, everyone is talking like EV charging will simply "work itself out" but no one has offered practical solutions to fix these problems, a hard thing to imagine given the speed at which EV's are proliferating. Questions also remain around having employees charge vehicles at home, which could require a significant investment for fleets while also creating a management nightmare.

Besides charging, the most daunting challenge to EV proliferation is the limited range of most EV's, a significant barrier to widespread adoption. Especially given that many vehicles – when fully loaded – can't complete a day's work before needing to be recharged. If a vehicle must be charged mid shift, where will that occur when there are so few charging operations capable of handling that kind of influx, or companies willing to

build them? And while range in most EV's appears to be increasing, it may be years before it won't be an issue, relegating EV's to short routes and start and stop integration into fleet operations.

And what about the realities of procuring the vehicles themselves?

While manufacturers are happy to take "reservations" for new orders does anyone really believe that Amazon will soon be taking delivery of the 200,000 electric vans it recently agreed to purchase? Or that Pepsi will be driving around in the thousands of Tesla semis they've ordered – a vehicle that still hasn't been manufactured in wide numbers – within the next year or even two?

And lest anyone forgot, the scourge of the chip shortage and supply chain delays will likely have a negative impact on EV introduction across the fleet space as well?

Plenty of Excitement, Catchy Phrases

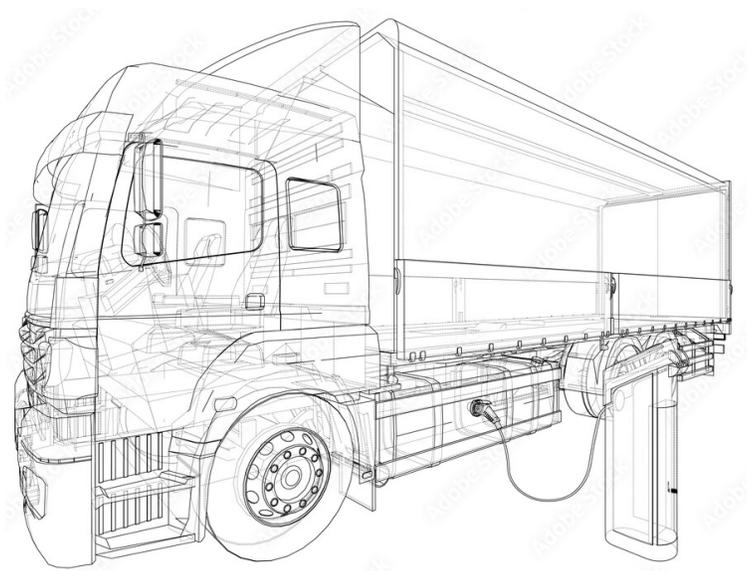
As of now there seem to be more questions than answers around EV's, and while there is plenty of excitement, we've yet to see critical mass. In some ways it reminds us of the early days of the internet when people were quick to throw out catchy phrases like "information superhighway," but no one was quite sure how the whole phenomena would flesh out or what it would like once it did.



MASS EV REMARKETING LIKELY YEARS AWAY

From a remarketing perspective, widespread resales of EV's are likely years away as there are still so few EV's in the space (and most of those Tesla's for now.)

From a practical standpoint, there are a lot of questions about the processes and best practices for how EV's will be remarketed. And, whether these vehicles can be remarketed with the ease and efficiency of today's traditional vehicles



EV batteries are a real concern for transporters and storage facilities that work with vehicle remarketers.

For starters, how will EV's ready for the remarketing process get transported? Especially if challenges remain around charging and range. And where will a vehicle that needs to travel hundreds – if not thousands – of miles to an auction site get charged?

And what about the auction sites and dealers themselves? As it stands, many auction sites are understandably uncomfortable running EV's through their existing protocols and facilities. As the recent fires aboard a massive transport ship disabled while transporting 4,000 luxury EV's across the Atlantic Ocean shows, putting out fires involving large, powerful batteries presents its own set of problems.

There are also questions around how batteries will be recovered when vehicles are remarketed, and whether they'll need to be removed, recycled or sold with end of lease vehicles.

Salvage and storage facilities will also face a unique set of problems when it comes to EV's. After all, where does one store hundreds of vehicles that could possibly be an environmental or human safety hazard? Even worse, what if these assets have been damaged, where and how will those be stored during the remarketing process? And what about recovering and transporting EV's – even around auction or storage locations - and the potential difficulties and liabilities around that? As it stands, many storage facilities and auctions are also concerned about the potential hazards when EV's crash during normal transportation around their lots, something that could create an immediate safety hazard.

All of these are important questions that may take years to answer.



FLD: STAYING ON THE CUTTING EDGE

As the leader that pioneered vehicle remarketing more than 40 years ago, FLD is keenly aware of the sea change EV's are bringing to fleet. And even though we've been at the forefront of remarketing vehicles for more than four decades, we still anticipate the entire industry – ourselves included - will experience a steep learning curve as EV's take their eventual place as fleets of choice.

To begin with, the prices we pay for electric vehicles will most likely be markedly different than the prices we've been paying for traditional vehicles. And as the only remarketer that pays up front for end of lease assets before they're sold at auction or to dealers, our team of expert vehicle buyers will likely help set the tone for how the industry values used electric vehicles.

In addition, because our entire remarketing process

usually lasts less than a week, we will also be intimately involved with determining the best practices for recovering, moving and storing end of lease electric vehicles as well. With major questions around range, re-charging and safety, there's still so much that needs to be answered before anyone remarketing electric vehicles can view themselves as an expert.

That said, one thing is for certain.

That as a company that prides itself on always staying on the cutting edge of what's happening in our industry, FLD is committed to becoming both an expert – and leader – when it comes to remarketing electric vehicles. And that we are anxious to immerse ourselves in all things electric so we can help our customers thrive in the brave new world of EV's that is on the precipice of dominating our industry.



No matter where your EV journey takes you, FLD will be there to help you navigate the way when it comes time to remarket vehicles and equipment.

ABOUT FLD REMARKETING

FLD has been a leader and pioneer in the vehicle and equipment remarketing space for more than 40 years. We're the only remarketer that totally eliminates risk for our customers by purchasing their vehicles up front, before they go to auction or dealers, saving them time, money and hassles. Plus, sellers can manage the entire remarketing experience online from any device, anytime, anywhere – it's just that easy. Give FLD 5 minutes, and we'll tell you how we can totally eliminate your remarketing risk in one easy process that takes less than a week and leaves them free to move on to more important things.

For more information, or to schedule a conversation on how your fleet can thrive and not just survive during challenging times like the chip shortage, give us a call at 1-800-754-1522, or log on to fldinc.com or vehicleremarketing.com today.

