



WHITEPAPER

The Business Case for Vanpooling & Rideshare Software

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COMMUNITY



Ridesharing has been a part of the traditional corporate and government agency environment for decades. So why is it then that vanpooling is becoming so popular? What we're seeing now is a more concerted effort to improve upon the carpooling model into one that imitates the services and benefits of private transportation companies like taxis and app-based ride hailing sites like Uber and Lyft. In other words, your employees are looking for the best of both worlds. On the one hand, they are seeking the dependable benefits (comfort and dependability) of a taxi service, while on the other, they're seeking the more affordable ridesharing solution. As an operational manager, maybe you're tasked with the job of providing your employees or workers with alternative transportation options to help reduce fuel and parking expenses, while providing safe and efficient services. But how do you justify the costs to your employers and engage with employees at the same time?

Many organizations seeking commuter programs are looking at vanpooling options. In fact, evidence supports this growth showing that vanpooling has increased in the number of systems by 57.4% in the years between 2003 and 2012. Vehicle revenue miles have also increased by 187.5%, proving that vanpooling has produced the highest amount of increase across all the modes of transportation in the recent decade. [\[Source, page. 8\]](#)

Here then, we have provided much of the available information that outlines the benefits and challenges when building your own internal vanpooling program. We are a rideshare software leader in the industry with over 20 years of development and implementation experience, which gives us a unique overview of the industry as a whole and what we see is in its future.

This whitepaper is designed to help you justify the allocation of resources to develop a vanpooling program at your organization. There are a number of impressive benefits to both riders and organizations, but the key takeaway here is that rideshare software is a vital component in the planning process. So this whitepaper is also designed to help you justify the purchase of rideshare software. As you will discover, the depth of functionality that is required by your operators and managers will provide the reasons for why digital tools are necessary.

How is Vanpooling Different From Carpooling?

A vanpooling program provides basically the same service as traditional ridesharing or carpooling programs. It is a convenient and affordable method for employees to get to work and is growing in popularity due to these benefits including the reduced environmental impact. There are a number of designated drivers and a number of designated riders, and all travel together to their mutual work location.

Unlike carpooling, however, the selection, maintenance and insuring of the vehicle can be done using a few different models. While a single vehicle owner can simply manage their own expenses, vanpooling can distribute operational costs in a variety of formats. For example, ownership, gas, mileage and insurance expenses can all be reimbursed from different sources of revenue. This can come from the riders, paying a subscription fee, or from a co-pay with their employer through tax deductions. Funds can also be accessed from grant programs, designed to help offset an organization's green transportation initiatives. Also, a vehicle can be part of another fleet, owned by a third-party who can assume various expenses.

A vanpool can be run by a company or contracted out to 3rd-party providers. They can be paid for either entirely by the company, a combination of employer, employee payments, or else entirely held by the employees. Subsidies exist at these various levels in order to encourage these programs, but it gets complicated quickly when trying to manage the financial responsibilities and obligations of each contributing organization.

In each of these cases, the need for proper scheduling, reporting and organization are essential to keep a vanpooling program running smoothly. For this reason, rideshare software is a logical choice to help manage the commute of riders, while at the same time, help to coordinate expenses and revenue sources.



The Benefits of Vanpooling

Not unlike the benefits of traditional carpooling, vanpooling is able to achieve a number of measurable goals when it comes to resource / cost savings for riders and achievable / reportable goals for the green initiatives of the organization. This paper could go into detail about the environmental benefits, the reduction in various pollutants including carbon emissions by removing single passenger vehicles from the road. We plan to cover these issues in a separate document. This whitepaper has been written to address the case for business success and direct benefit to riders and organizations alike.



Reduced Expenses All Around

Obviously, when riders share in the expenses of fueling a vehicle, parking a vehicle and maintaining that vehicle, they are going to see significant monthly savings. For the employer, savings can also be realized when it comes to providing expensive and valuable on-site parking. When employees and workers commute together using a van instead of just a car, even greater amounts of riders will see benefits. For the organization, the more riders in a commuter program, the fewer parking spots are going to be required.



Improves Your Total Benefits

Are you able to offer competitive advantages in your total benefits package? Attracting and retaining quality employees requires significant investment in improving the quality of the workspace. With an organization-wide vanpooling service, you are able to offer prospective and existing employees an alternative to taking public transit or their own vehicles, thereby reducing a great deal of commuting stress. There are a great many online surveys and studies to demonstrate the shifting attitude of millennials when it comes to their jobs and transportation options [\[source\]](#). The future of transit may be guided by the attitudes of new employees entering the workforce today.



Re-enforces Employee Engagement

A vanpooling program has the added benefit of reducing employee absenteeism and turnover. This is due to the fact that employees on a regular schedule are more likely to maintain their work schedules. As well, the added services provided by their company encourage employees to remain loyal, thus reducing turnover. In the long run, an organization will see savings due to a reduction in the hiring and training processes.



Increase Your Visibility

There are benefits unique to vanpooling programs. For example, you are able to brand each van with your logo and information. Because of the visibility of vans, you are able to increase brand reach, all while maintaining a commuting service. This visibility helps to promote your organization as both an employee-oriented business but also as an environmentally-minded business as well.

Setting up a Vanpooling Initiative

Before you launch a program, you need to determine the engagement level you can expect from your employees. The first step is to determine need. What are your existing parking lot expenses? Are employees currently carpooling together? How do your employees get to work presently? These are areas that can be quantified and be associated with a dollar amount. Once you can determine how much is being spent on current transportation practices, you will be able to better justify the program to your organization.

What are the Issues Facing an Organization?

A vanpooling program is not without its challenges. As their employer, you're going to need to address the issues of your employees and manage the overall operation. Some of the areas in which rideshare software can be useful in speedily collecting accurate and relevant data are:

- Recruiting riders
- Training and approving drivers
- Dealing with van ownership, lease agreements and insurance
- Fare box recovery methods
- Determining optimal routes
- Collecting monthly fares
- Gauging consumer response
- Coordinating with other employers in the area
- Matching riders with right vehicle/driver/route

- Guaranteeing rides home
- Special needs riders: accommodate yet remain profitable

Determining Fare Recovery

It's sometimes difficult to get a vanpool up and working. It can be equally as difficult justifying the costs to riders. Even though the costs of commuting are far more affordable than using their own vehicle, riders tend to want a better deal. Here is some of the advice around determining what to charge, and how to work with your employees to develop a meaningful conversation around affording a vanpool option.

Don't set fare equal to costs. Even though startup costs are going to factor into your total plan, this is not the time to be recouping costs. In the early stages

of building ridership, it's advised that you keep the costs to riders low. How can you do this? There are a number of suggestions, but the easiest would be for the organization to co-subsidize the cost of trips. Another option would be to coordinate with another business in your area to share the costs of vehicle ownership/ insurance, etc. and to ensure that every seat is filled.

Work with a company to apply for grants and subsidies. Opportunities exist to subsidize trips in the early stages. For example, a subsidy may be available to make up fares for up to 3 empty seats in the first month, 2 empty seats in the second and 1 in the third and so forth. Federal grants are also available to encourage the use of alternative transportation and there are various helpful organizations (like the Association for Commuter Transportation and the Community Transportation Association of America) that can help to leverage funding dollars and to help organizations to qualify for program funds.

Explore tax deductions to offset fares. In the USA, transportation benefits can be provided to employees that are tax free, up to \$130 per month. This can help employees to use pretax dollars to help themselves offset transportation expenses. Employers can also save money on payroll taxes because of this. There is more detailed information listed later.

Employing Commuter Choice

Commuter choice is a provision of the IRS tax code that affords tax benefits for employer and their employees who use vanpools [\[source\]](#). It allows up to \$220 per month to be used for commuting, tax free. Whether an employee pays for the cost of the vanpool fare (possibly through a pretax deduction) or the employer pays, or both pay a portion, there are significant savings. State income tax rules apply differently in each state, so the actual tax savings can vary. Regardless, this is something to discuss with a specialist in funding and rideshare software implementation.

The important takeaway here is that you need to discuss these options with your employees. This will determine the real need and benefit for both them and you. Depending upon the level of cost you're willing to assume, you may be able to set up a vanpool operation yourself, or else to farm it out entirely to a third-party coordinator.



The Different Models of Vanpooling Operations

There are various advantages to each of the models with which your organization can involve a vanpooling option at work. It's not easy to simply determine the best path to take. However, there are some basic discussions that you should look at when it comes to these three areas.

Employee-run Commuter Program

The benefits to this are that you don't have to do a thing. Your employees do all the coordinating and assume all the risk. The problem to this is that your organization assumes no responsibility and therefore cannot assume any of the accolades for having a "green initiative." In some ways, allowing your employees to "do a better job" than their employer reflects negatively upon the employer. This is because the public assumes an organization should take responsibility for such projects. Prospective and current employees will not feel that their employer is engaged with their personal welfare, economic concerns nor do they align with their environmental interests. Finally, depending on the work load of available employees, without assistance from the employer it is less likely that an employee-run program would succeed.

Third-party Contractor

You can easily farm out the entire project to a third-party contractor so that you have only to pay the final bill. This is a great way to start a vanpooling program and can help you to determine whether it works for your organization and your employees. If it doesn't work out, you simply stop paying for the service and won't be left with the added expenses of owning and managing vehicles, as well as the wasted hours training staff on using rideshare software, etc. These contractors can issue leases directly to your vanpool drivers (chosen employees) on a month-to-month basis. The problem here is that you are less able to make accurate and full reports on the success of your program. As well, employees are left to the devices of a 3rd party who may not be as committed to your employees' needs as you would be. For example, can you guarantee the right vehicle will go to the right employee who may have a special mobility need? Can they guarantee a return ride (on their bill)? Can they match riders based upon specific preferences and ideal locations? In other words, what rideshare software are they using?

Organization-run

When you run your own commuter program, you have absolute control and insight into the entire operation. Your vans are your vans. This means you can brand them with your logo. Your employees know that they are being taken care of by their employer and not a random company. You can set ideal routes and perfect matches for riders and their ride. You can take full ownership over your environmental initiatives. You can claim the exact amount of savings of fuel and the reduction of emissions. You can offer your current and future employees a total benefit package that considers their comfort and safety from their doorstep to yours. You can greatly control costs through subsidies, grants, tax deductions and employee contributions so that the entire program can be self-sufficient. In fact, with the right balance between subsidy and fare options, you can easily afford to implement a total rideshare software solution.

Why Rideshare Software?

If you set up your own program and you either pay for it entirely or subsidize trips partially through pretax deductions, you are going to need rideshare software to manage your operation. Handling a large amount of riders, destinations and preferences is nearly impossible if not using a digital system.



Incentives and Rewards

In order to keep engagement high, you need to have a system in place to help create incentives for riders to use your system. Rideshare software can assemble the data and enable a reward program for participating commuters and drivers.



Support for All Transit Options

Not all commuters rely solely upon car or vanpool options. Your rideshare software solution must be able to schedule trips with a multi-modal approach in order to integrate with park-n-rides, bus, rail, bicycling and walking options.



Easy-to-use Interface

The last thing you need is to spend time and money on training employees to use the software. This is why we have developed a very intuitive and simple client-facing interface. From the dashboard, your operators will be able to see as much or as little information as they require.



Manage and Monitor Vehicles

You need to have access to accurate information on insurance, the management of contracts and drivers' licenses. As well, you need to be able to import, input and track maintenance information and keep a database of vehicle photos for easy referencing and reporting.



Routing and Matching

Every rider deserves special attention. This applies to their special needs or unique preferences. As well, your rideshare software should be able to automatically generate the best routes possible for optimized fuel and time savings. This includes cluster mapping capabilities to show geographical areas of commuter originations.



Privacy Protection

You need to have quick access to personal data in order to provide the best service to commuters. However, you also need to be able to guarantee that their data, personal information and profile pages are protected to ensure confidentiality.

Conclusion

In this whitepaper, we have tried to cover as large an area as possible. However, there is a great deal more depth and detail that can be examined in the various points brought up. It's important to discuss these issues with your own staff and then talk to a software specialist to determine the specific needs of your organization. Rideshare software is only a part of the entire process of vanpooling. However, if you choose to manage and run your own program, automation will quickly become a most important feature.

The real question you should be asking is whether you're prepared for the shifting dynamic in the transportation industry. As the increase in revenue miles suggests, we must all take heed of vanpooling options. To at least examine the possibility of adding this service to your organization is something that simply must be done. Even if you decide against engaging with a program or don't feel you require rideshare software to assist, the question still remains,

what will your employees of the future expect of their workplace?

In the end, the market will tell us what it requires. But it would be shortsighted to not examine the options that other organizations will be considering for their employees. Vanpooling may very well be a fad of today. However, it may become an integral component, an essential service to enable employees of all types to get to and from their places of employment in an era when gas prices soar, parking is scarce, environmental concerns rise and ridesharing becomes a publically accepted form of transit. What do you think will occur?

