

Statement of Issues

Public Version

EROAD Limited / Coretex Limited

22 October 2021

Introduction

1. On 24 August 2021, we registered an application from EROAD Limited (EROAD) seeking clearance to acquire all the shares in Coretex Limited (Coretex) (the Proposed Acquisition).¹
2. To clear an application the Commission must be satisfied that an acquisition would not have, or would not be likely to have, the effect of substantially lessening competition in a New Zealand market.
3. This Statement of Issues (Sol) sets out the potential competition issues we have identified following our initial investigation. This is so EROAD and Coretex (the Parties) and other interested parties can provide us with submissions relating to those concerns.
4. In reaching the preliminary views set out in this Sol, we have considered information provided by the Parties and other industry participants. We have not yet made any final decisions on the issues outlined below (or any other issues) and our views may change, and new competition issues may arise, as the investigation continues.

The concerns we are testing

5. At this stage, our primary concern is assessing whether the Proposed Acquisition would substantially lessen competition due to horizontal unilateral effects for the supply of telematic solutions which include electronic road user charges (eRUC) systems.
6. We are also continuing to consider whether the Proposed Acquisition would substantially lessen competition due to coordinated effects through the allocation of customers.

¹ A public version of the Application is available on our website at: <https://comcom.govt.nz/case-register/case-register-entries/eroad-limited-coretex-limited>

7. At this stage we do not have concerns about, and are not planning to investigate further, whether the Proposed Acquisition would substantially lessen competition due to:
 - 7.1 unilateral effects for the supply of telematic solutions, including those requiring specialised sensors or an electronic logbook (eLogbook);
 - 7.2 conglomerate effects in any market; and
 - 7.3 vertical effects in any markets.²
8. We explain our reasons below and invite submissions on our position.

Process and timeline

9. We have agreed with the Parties an extension of time from the initial 40 working day statutory timeframe until 23 November 2021 in which to make a decision.
10. The Commission would like to receive submissions and supporting evidence from the Parties and other interested parties on the issues raised in this Sol. We request responses by close of business on 1 November 2021, including a public version of any submission.
11. All submissions received will be published on our website with appropriate redactions.³ All parties will have the opportunity to cross-submit on the public versions of submissions from other parties by close of business on 8 November 2021.
12. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

Background to the industry

13. The merging parties both provide telematic solutions to customers in New Zealand, as well as in Australia and the United States. Telematic solutions allow commercial fleet owners to analyse and manage how their vehicles and drivers are performing.

What telematic solutions do

14. Telematic solutions contain a range of features to track different aspects of vehicle performance. Suppliers of telematic solutions tend to differ in the range and depth of features offered. Features commonly fall within the categories below.

² Although, as we discuss in the vertical effects section below, we are testing our understanding of existing vertical supply arrangements in relation to eRUC systems.

³ Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

- 14.1 Compliance and driver safety: to comply with regulatory requirements or standards, for example:
 - 14.1.1 calculating road user charges (RUC) (discussed in more detail further below);
 - 14.1.2 complying with work-time rules (such as electronically recording how long the driver has been working, known as an “eLogbook”); and
 - 14.1.3 promoting safe driving (through features like driver fatigue monitoring).
- 14.2 Asset tracking and management: to allow fleet managers to optimise the use of their assets (including vehicles and trailers) through features such as:
 - 14.2.1 mapping (showing where the asset is);
 - 14.2.2 service alerts (alerting the operator when the asset requires repairs or maintenance); and,
 - 14.2.3 pool booking (assigning assets to tasks).
- 14.3 Sensors and controls: to allow owners of specialised vehicles to monitor their cargo, for example:
 - 14.3.1 for refrigerated vehicles, monitoring temperature to verify that a certain temperature has not been exceeded during travel;
 - 14.3.2 for cement trucks, counting rotations and measuring water; and
 - 14.3.3 for waste control, monitoring the weight of the trailer.
- 15. A key parameter of competition is how fast competitors develop and deploy new features.

How telematic solutions work

- 16. Telematic solutions operate using a hardware device, a mobile network and a software platform.⁴ (References in this document to “telematic solutions” refer to all the components that make up the service.)
 - 16.1 *Hardware*: A device inside the vehicle collects information. Depending on the features offered, it may need to connect to:
 - 16.1.1 GPS to collect location information and wheel sensors to monitor rotations (to track distance);

⁴ The Application at [25].

- 16.1.2 sensors to capture driver activity (such as fatigue) and vehicle activity (such as temperature control); and
- 16.1.3 engine diagnostic systems.
- 16.2 *Mobile network*: The device communicates the information to a server using a mobile network. This means information can only be transmitted within the communications network and the amount of information that can be sent is limited by the network's capacity. As communications technology improves telematic solution suppliers can provide more features.⁵
- 16.3 *Software platform*: The server stores and processes the information received via the mobile network and customers can monitor the information through a software platform. This information, or reports made from it, can generally be accessed by the customer inside the vehicle or in its office. For example, the platform might show the location of the vehicles or assets on an interactive map and provide real-time information on their performance.
- 17. Different customers require different features. For example, bus service companies may have a particular interest in compliance features, whereas refrigerated freight transport companies may have a particular interest in temperature tracking. Telematic solutions suppliers refer to these different industries as "verticals". Some telematic solutions suppliers focus on specific verticals and develop specialised features for those customers.

Road user charges and related telematics functionality

- 18. Road users in New Zealand pay taxes which fund the public roads. For petrol users, this is done through a tax on fuel paid for and collected at the source (ie, the pump). Heavy (>3,500kg) and light vehicles that use diesel or another fuel not taxed at the source are required to pay road user charges (RUC), which are charges levied by Waka Kotahi under the Road User Charges Act 2012 to pay for road usage.⁶ Users that are required to pay RUC purchase distance licences in 1,000km units.⁷ Licences must be purchased in advance of travel and displayed in the vehicle.⁸ RUC are not required to be paid when using private roads (also referred to as "off-road rebates").
- 19. There are several ways road users can purchase (or manage) RUC.⁹
 - 19.1 *Paper RUC system*: where paper licences are purchased directly from Waka Kotahi or over the counter from an agent (such as the Automobile

⁵ Generally those that require greater amounts of data or rely on faster speeds such as live camera systems; We note that other forms of communication, such as satellite or radio frequency, may be used instead of or alongside cellular networks. Smartrak "Technologies Used in Telematics" <<https://smartrak.com/technologies-used-in-telematics/>> (Viewed on 22 October 2021).

⁶ The Application at [89]; RUC is a system that is not common around the world. We understand one state in the United States (Oregon) also operates some form of road user charging system.

⁷ The Application at [89].

⁸ The Application at [89].

⁹ See, for example, the Application at [89] – [90].

Association, Post Shops, Vehicle Inspection New Zealand, and Vehicle Testing New Zealand).

- 19.2 *Electronically-assisted RUC system*: using GPS, a telematic solution can automatically notify vehicle administrators when the remaining distance on a paper RUC licence is getting low and a new paper RUC licence needs to be purchased. The paper RUC licences are then ordered online, which can be automatically purchased by an electronically-assisted RUC system. They still need to be displayed on the windscreen of each vehicle.¹⁰ GPS records can be matched against a database of public roads to help in obtaining refunds for off-road use from Waka Kotahi.
- 19.3 *eRUC system*: end-to-end assistance from a supplier in relation to the electronic management and payment of RUC, including the provision of an approved electronic distance recorder and the display of electronic licences.¹¹
20. Waka Kotahi administers the RUC regime as the RUC collector prescribed in the Road User Charges Act 2012 but can appoint agents to act on its behalf.¹² Telematic solution suppliers wishing to offer an eRUC system are required to have it approved by Waka Kotahi and must become an agent of Waka Kotahi in order to be authorised to issue RUC licences electronically.¹³ There are currently four firms that have had an eRUC system approved by Waka Kotahi: EROAD, Coretex, Navman Wireless NZ (known as Teletrac Navman (Navman)) and Picobyte Solutions Limited (Picobyte).¹⁴
21. There is some speculation that as more New Zealanders move towards driving electric vehicles (EVs), which are currently exempt from RUC,¹⁵ fuel taxes will be replaced with a new funding system.¹⁶ This may mean that RUC, or another form of

¹⁰ EROAD submits that some suppliers of electronically-assisted RUC systems provide for “displaying electronic labels” notwithstanding that an electronically-assisted RUC system “still uses paper RUC labels purchased from Waka Kotahi”. The Application at [208] and [210].

¹¹ The Application at Appendix 17.

¹² Waka Kotahi “Code of Practice for Electronic Road User Charges Management Systems” (2021) at [2.2] <<https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf>> (Viewed on 18 October 2021).

¹³ Those seeking to provide electronically-assisted RUC systems may also need go through a registration process to become a RUC agent depending on the level of automation intended. Regardless, this is less intensive than that for eRUC systems as electronically-assisted RUC solutions do not need to also act as a distance recorder, and the suppliers of these systems act more like paper RUC agents. The Application at [210] and Waka Kotahi “Code of Practice for Electronic Road User Charges Management Systems” (2021) at [3.2] <<https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf>> (Viewed on 18 October 2021).

¹⁴ Waka Kotahi “RUC Distance Recorders” <<https://www.nzta.govt.nz/vehicles/licensing-rego/road-user-charges/ruc-distance-recorders/>> (Viewed on 18 October 2021).

¹⁵ The exemption applies until 31 March 2024 for light EVs and 31 December 2025 for heavy EVs. Waka Kotahi “RUC Exemptions” <<https://www.nzta.govt.nz/vehicles/licensing-rego/road-user-charges/ruc-exemptions/>> (Viewed on 18 October 2021).

¹⁶ Thomas Coughlan “Fuel taxes could be gone in three years as Waka Kotahi urgently looks to replace funding system” *NZ Herald* (New Zealand, 2 September 2021). <<https://www.nzherald.co.nz/nz/politics/fuel-taxes-could-be-gone-in-three-years-as-waka-kotahi-urgently-looks-to-replace-funding-system/ENVPYQJHRJS7FESD5LURRV6IGY/>>

distance charging, will apply to more vehicles in future to ensure Waka Kotahi is adequately funded.

Market participants

22. The main telematic solutions suppliers in New Zealand are described below, and a table of the features that the main suppliers of telematic solutions in New Zealand offer is set out in **Attachment A**.

The merging parties

EROAD

23. EROAD is the largest supplier of telematic solutions in New Zealand, with approximately 91,000 connected vehicles.¹⁷ As shown in Attachment A, EROAD has one of the largest range of features. However, EROAD does not offer sensors for refrigeration or concrete mixers. (In the rest of the document we refer to sensors designed for specific verticals such as refrigeration and concrete as “specialised sensors”.)
24. EROAD’s core telematic solutions are provided through an in-cab device called Ehubo. It currently has two core versions of this.¹⁸
- 24.1 Ehubo1 is more basic, offering asset tracking functionality and an eRUC system.
- 24.2 Ehubo2 has a touchscreen colour display, an eRUC system, and includes additional applications that deliver real-time in-cab driver feedback.
25. EROAD also has other devices that carry out specific functions.¹⁹ For example, a dashcam camera, distance recorders for trailers and light vehicles, and tracking devices for vehicles and machinery that do not require RUC.
26. EROAD has historically offered a broad range of telematic solutions suitable for all commercial fleets.²⁰ This allows it to provide solutions across a number of vehicle types and industries.²¹

Coretex

27. Coretex was formed in October 2015 through the merger of International Telematics Holdings Limited (which focused on refrigerated trailers) and Imarda Pty Ltd (which focused on the construction industry).²² In November 2015 Coretex acquired Air-Track which offered telematic solutions to the waste and recycling industries.²³ For

¹⁷ The Application at [48].

¹⁸ The Application at [50] and [51].

¹⁹ The Application at [52].

²⁰ The Application at [20.1].

²¹ The Application at [64].

²² The Application at [66].

²³ The Application at [66].

these reasons, Coretex supplies sensors to these verticals. Coretex also has a broad range of compliance and asset tracking features.²⁴

28. Coretex's telematic solutions in New Zealand are delivered through an in-cab device called the TMU750.²⁵ Its features include GPS for location tracking, motion sensing to detect aggressive driver manoeuvres and an eRUC system.
29. Coretex provides telematic solutions through other devices overseas, including a device called "CoreHub".²⁶ CoreHub is a recently developed wireless device that collects information from sensors around the vehicle.²⁷ It has not yet been introduced in New Zealand.

Other suppliers of telematic solutions

30. Other suppliers of telematic solutions include the following (see **Attachment A** for a full feature list for these suppliers):
 - 30.1 *Navman*:²⁸ Navman has one of the largest range of features, which includes an eRUC system, an eLogbook and specialised sensors. The Application states that Navman is the largest telematic solution supplier in Australasia.²⁹
 - 30.2 *Smartrak*:³⁰ The application states that Smartrak is the third-largest player in New Zealand.³¹ Smartrak offers functionality for asset tracking and fleet management. Smartrak does not offer an eRUC system, an eLogbook functionality or specialised sensors but does offer an electronically-assisted RUC system.
 - 30.3 *Blackhawk*:³² Blackhawk offers customised asset tracking and management.³³ Blackhawk does not offer an eRUC system, an eLogbook or specialised sensors but does offer an electronically-assisted RUC system.
 - 30.4 *Argus*:³⁴ Argus offers functionality for compliance and driver safety, and asset tracking and management.³⁵ Argus does not offer an eRUC system, an eLogbook or specialised sensors. It does offer an electronically-assisted RUC system.

²⁴ The Application at Appendix 13.

²⁵ The Application at [68.1].

²⁶ The Application at [70].

²⁷ The Application at [70.2].

²⁸ <<https://www.teletracnavman.co.nz/>> (Viewed on 18 October 2021).

²⁹ The Application at [138].

³⁰ <<https://smartrak.com/>> (Viewed on 18 October 2021).

³¹ The Application at [142].

³² <<https://www.blackhawk.io/blackhawk-iot-saas-home>> (Viewed on 18 October 2021).

³³ The Application at [140] – [141].

³⁴ <<https://argustracking.co.nz/>> (Viewed on 18 October 2021).

³⁵ The Application at [144].

30.5 *Vehicle Technologies*:³⁶ Vehicle Technologies provides software and hardware solutions for compliance and driver safety and asset tracking and management by acting as a reseller for a range of third-party telematic solutions.³⁷ Vehicle Technologies offers an eRUC system through reselling RUC Monkey (discussed in the paragraph below).

31. In addition to the above telematic solution suppliers, software as a service supplier Picobyte offers a stand-alone eRUC system called RUC Monkey. Picobyte sells RUC Monkey through telematic solution suppliers that do not offer their own eRUC solution.³⁸ Picobyte current resellers include Ctrack and Vehicle Technologies.³⁹

The relevant markets

Background

32. We define markets in the way that we consider best isolates the key competition issues that arise from a merger. In many cases this may not require us to precisely define the boundaries of a market. What matters is that we consider all relevant competitive constraints, and the extent of those constraints. For that reason, we also consider products and services that fall outside the market, but which would still impose some degree of competitive constraint on the merged entity.

33. When assessing relevant markets we consider:⁴⁰

33.1 whether customers could easily switch to alternative products in response to a price increase (known as ‘demand side’ substitution); and

33.2 whether suppliers could easily switch their manufacturing process to produce different products (known as ‘supply side’ substitution).

The Applicant’s view of the markets

34. EROAD submits that the relevant market definition is the market for the supply of telematics in New Zealand.⁴¹ It submits that narrowing the market based on product features or customer segments would not be appropriate because it would not sufficiently capture the competitive dynamics of the market.⁴²

The supply of telematic solutions which include eRUC systems

Our current view on the relevant product market

35. At this stage, we generally agree with the market definition submitted by the Parties with the exception that those that include eRUC systems may constitute a separate

³⁶ <<https://vehicletech.co.nz/>> (Viewed on 18 October 2021).

³⁷ The Application at [158].

³⁸ The Application at [92.3].

³⁹ The Application at [92.3].

⁴⁰ Commerce Commission *Merger and Acquisition Guidelines* (July 2019) at [3.16].

⁴¹ The Application at [84]; As both EROAD and Coretex supply telematics in New Zealand, Australia, and North America, EROAD submits that the market is arguably Australasian or global in scope. The Application at [86].

⁴² The Application at [87].

product market. The merging parties offer a wide range of features with their telematic solutions,⁴³ and customers tend to purchase these features as a bundle rather than using multiple telematic solutions to mix and match features. As such, we currently consider that the total bundle price is the relevant price for testing demand and supply side reactions. For most types of functionality there are many other suppliers of telematic solutions that offer these features as part of comparable bundles.⁴⁴ However, only the Parties and two others are approved by Waka Kotahi to provide an eRUC system. We have therefore tested whether there is a market for telematic solutions which include eRUC systems.

36. On the demand side, the evidence from our interviews so far suggest that customers that purchase telematic solutions which include eRUC systems do not consider telematic solutions without eRUC systems to be close substitutes. Many of the telematic solution customers and suppliers that we have interviewed identify eRUC systems as a critical component of a broader telematics offering.⁴⁵ This is because eRUC systems:
- 36.1 reduce the costs of operations through avoiding the manual work to calculate and pay RUC;
 - 36.2 improve cash-flow through allowing licences to be purchased in smaller and cheaper increments in advance of when they are required (for example, 1,000km in advance instead of 5,000km), incurring lower transaction fees (\$2 vs \$8 at the counter) and are being instantly displayed on the device;⁴⁶ and
 - 36.3 allow for more accurate calculation of payments and refunds when using private roads (which provide significant savings).
37. The evidence at this stage suggests that the alternative ways to purchase or manage RUC are unlikely to be close substitutes for eRUC systems for many customers.

⁴³ The Application at Appendix 13.

⁴⁴ The Application at Appendix 13; See Attachment A below.

⁴⁵ For example: [] identified the savings from off-road rebates and stated it would not go back to manual RUC (Commerce Commission interview with []; [] identified that it would not want to go back to paper RUC and that eRUC is a “big thing” (Commerce Commission interview with []; [] stated it would not go back to paper RUC again as it was labour intensive, expensive and meant having more cost in the windscreen. (Commerce Commission interview with []; [] identified the ability to get a refund where RUC does not apply as one of the most valuable features (Commerce Commission interview with []; [] said eRUC was a main driver for telematics (Commerce Commission interview with []; [] considered eRUC was the main driver in its choice of telematics (Commerce Commission interview with []; [] []).

⁴⁶ Commerce Commission interview with [].

- 37.1 Paper RUC systems carry a higher administrative cost and potentially limit access to rebates. Paper licences require manual purchasing and distribution and claiming accurate reductions for use of private roads is much more difficult. The need to purchase RUC licenses for thousands of kilometers in advance (in part to minimise administrative costs) may negatively impact cash flow compared to eRUC systems.
- 37.2 Electronically-assisted RUC systems reduce some administrative effort compared to paper RUC, including by providing alerts that a new RUC licence needs to be purchased. However, these systems do not offer the same administrative cost savings, accuracy and low transaction costs as eRUC systems which fully automate the purchase of RUC. Some large customers do however use these systems, which are offered by a larger range of telematic solution suppliers,⁴⁷ and we continue to consider whether they are a substitute in some cases.
38. Further, the evidence so far also suggests that combining an eRUC system from one supplier and other telematic services from a different supplier is not a viable alternative for most customers. Market enquiries indicate that customers do not wish to have multiple devices in their vehicles and it adds significant cost and complexity to operate multiple solutions.⁴⁸
39. On the supply side, at this stage it appears unlikely that a telematic solutions supplier could quickly and easily switch to supplying an eRUC system. Suppliers of eRUC systems must develop a product to meet Waka Kotahi's security and accuracy requirements. We consider there are significant barriers to establishing a eRUC system which we discuss in the horizontal unilateral effects section.
40. In summary, the evidence currently suggests that there is limited demand and supply side substitution for telematic solutions which include eRUC systems and that this is therefore likely to be a separate product market.
41. We invite submissions on the:
- 41.1 relevant price to assess substitutability, including whether the prices for eRUC systems are determined separately from the rest of the functionality in a telematic solution; and
- 41.2 extent to which customers that purchase telematic solutions which include eRUC systems find telematic solutions that do not include eRUC systems as substitutable.

⁴⁷ Compared to those that provide eRUC systems. See Attachment A below.

⁴⁸ For example: [] advised that it is conscious of wanting to make things more simple than complicated (Commerce Commission interview with []; [] stated it wants one provider to provide the whole solution and would not want multiple boxes in vehicles. Commerce Commission interview with [].

- ### Other areas of overlap where we currently do not have concerns

- ⁴⁹ Commerce Commission *Mergers and Acquisitions Guidelines* (July 2019) at [3.28] – [3.34].

50 This conclusion is subject to gathering further evidence on whether the Proposed Acquisition could increase the likelihood of coordination (as discussed in the coordination section below); Customers that use specialised sensors or eLogbooks may still fall within the market for telematic solutions which include eRUC systems and therefore may be adversely affected by the Proposed Acquisition. However, any adverse effect is likely to derive from the supply of eRUC systems rather than specialised sensors or eLogbooks.

refrigeration units (such as Thermo King and Carrier) offer a module that allows for monitoring temperatures.⁵¹

46. In relation to eLogbooks, market enquiries indicate that there are many suppliers of these modules that will compete with the merged entity, and it does not appear difficult for a new entrant to develop and launch an eLogbook module.
47. In light of the above we do not currently have concerns in relation to specialised sensors and eLogbooks. However, we invite submissions on this point.

Summary of our current view of the relevant market

48. We currently consider the relevant market for the purpose of our analysis is the national market for telematic solutions which include eRUC systems.

We invite submissions on the current views expressed in this section. In particular:

- for the market for telematic solutions which include eRUC systems:
 - the relevant price to assess substitutability, including whether the prices for eRUC systems are determined separately from the rest of the functionality in a telematic solution;
 - the extent to which customers that purchase telematic solutions which include eRUC systems find telematic solutions that do not include eRUC systems as substitutable; and,
- whether competition concerns may arise in relation to eLogbook and specialised sensors.

With and without scenarios

49. Assessing whether a substantial lessening of competition is likely requires us to compare the likely state of competition if the Proposed Acquisition proceeds (the scenario with the acquisition, often referred to as the factual) with the likely state of competition if it does not (the scenario without the acquisition, often referred to as the counterfactual) and to determine whether competition is likely to be substantially lessened by comparing those scenarios.
50. Where there are multiple counterfactual scenarios, we usually focus our analysis on the scenario that we consider to be most competitive.⁵² This is because if the Proposed Acquisition is unlikely to result in a substantial lessening of competition in this scenario, then it is unlikely to do so in any other likely counterfactual scenarios.⁵³
51. We are considering the constraint Coretex would provide in the counterfactual. (Further analysis is set out in the confidential **Attachment B**.) The Application submits that Coretex imposes a minimal constraint on EROAD at present.⁵⁴ However,

⁵¹ Commerce Commission interview with [].

⁵² Commerce Commission *Mergers and Acquisitions Guidelines* (July 2019) at [2.33].

⁵³ Commerce Commission *Mergers and Acquisitions Guidelines* (July 2019) at [2.30] – [2.33].

⁵⁴ The Application at [6].

we are considering (among other things) whether Coretex could become a stronger competitor. This could occur in the following ways.

51.1 Coretex might become a stronger competitor by introducing CoreHub into New Zealand. One report has suggested that CoreHub's rollout internationally has been "well received".⁵⁵

51.2 Coretex might be acquired by another player which would compete more aggressively in New Zealand.

52. We invite submissions on the above possibilities.

Horizontal unilateral effects relating to telematic solutions which include eRUC systems

53. Horizontal unilateral effects arise when a firm merges with or acquires a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that a market participant can profitably increase prices above the level that would prevail without the merger (and/or reduce quality).

54. To assess this we have been considering:

54.1 how closely EROAD and Coretex currently compete to supply telematic solutions which include eRUC systems;

54.2 the strength of existing competitors;

54.3 the extent to which the merged entity would be constrained by potential entry and expansion; and

54.4 the extent of countervailing power.

55. The extent to which there is a loss in competition could occur in different ways. The basis on which telematic solution suppliers compete include price, service and innovation, all of which could be affected by a loss of competition. For example, a loss in competition could result in higher prices as suppliers compete less aggressively in RFPs or service levels could fall as the pressure to retain customers weakens. Harm could also occur in the form of a less innovative and dynamic market, as firms become slower to introduce new products to New Zealand.

56. At this stage, we are not satisfied that the Proposed Acquisition would not have or be likely to have the effect of substantially lessening competition for the supply of telematic solutions which include eRUC systems.

⁵⁵ Grant Samuel "Independent Report in Relation to the Proposed Acquisition of Coretex Limited" (July 2021) at [1.2.1]).

Closeness of competition between the merging parties

Applicant's view

57. The Applicant submits that EROAD and Coretex are not close competitors, as evidenced by:⁵⁶
- 57.1 win/loss data, which illustrates that Coretex is losing connections to EROAD;
 - 57.2 Navman as its biggest competitor; and
 - 57.3 comparing the Parties' respective participation in RFPs.
58. Further, the Applicant submits that itself and Coretex are not close competitors for the supply of telematic solutions which include eRUC systems. EROAD submits that Navman is its principal competitor rather than Coretex, and that Navman has been winning heavy vehicle customers at Coretex's expense.⁵⁷

Our current view

59. The evidence we have gathered so far is consistent with the Applicant's claim that much of the parties' operations are complementary. For example, EROAD appears to have a broad customer base whereas Coretex has focused on certain verticals such as refrigeration, construction and waste.⁵⁸ However, the evidence suggests that the merging parties are close (or potentially close) competitors in some areas.
60. First, even in the case that (as the Applicant submits) Coretex currently imposes a weak constraint on EROAD, the evidence we have gathered so far indicates that EROAD imposes a strong competitive constraint on Coretex.
- 60.1 EROAD has been competing in New Zealand for Coretex's customers.⁵⁹ [] Coretex customers that we spoke to identified EROAD as their next best

⁵⁶ The Application at [189] – [192].

⁵⁷ The Application at [211].

⁵⁸ For example:
[]

];

Grant Samuel "Independent report in relation to the proposed acquisition of Coretex Limited" (July 2021) at 29. ("If the Proposed Transaction is implemented EROAD will have less exposure to the Transport vertical and it will have a more diverse customer base with the addition of Food Safety and Construction clients.")

⁵⁹ For example: [] advised that EROAD aggressively tried to convince it to switch although it decided to remain with Coretex (Commerce Commission interview with []); [] stated that EROAD "chased" it. (Commerce Commission interview with []).

alternative.⁶⁰ Coretex [

] ⁶¹

60.2 Win/loss data shows that [

].⁶²

61. Coretex's existing customers are likely to benefit from the constraint that EROAD imposes. The Proposed Acquisition will eliminate that constraint.
62. Second, as noted in the counterfactual section, Coretex could become a stronger competitor without the Proposed Acquisition. This might be the case if Coretex introduced CoreHub into New Zealand or if it were to be purchased by another company that chose to invest further in New Zealand. If that were the case, then the level of constraint that Coretex currently provides on EROAD would understate its constraint absent the Proposed Acquisition.
63. We invite submissions on the extent to which the parties impose a competitive constraint on one another.

Constraint from rivals

Applicant's view

64. The Applicant submits that the merged entity would be constrained by the other suppliers of Waka Kotahi-approved eRUC systems, being Navman and Picobyte. It considers that Navman is its principal competitor in relation to telematic solutions with eRUC systems, and that Navman's share of the eRUC market is increasing rapidly.⁶³
65. Further, EROAD submits that telematic solutions combined with the alternative methods of paying RUC (ie, paper RUC systems and electronically-assisted RUC systems) are a significant competitive constraint on those with eRUC systems because customers could easily switch to one of these alternative methods in the face of a price increase.⁶⁴

Our current view

Navman is likely to be the merged entity's main rival

66. We currently consider that Navman is likely to be the merged entity's strongest competitor for telematic solutions which include eRUC systems.

⁶⁰ For example: [] preferred firms that were most locally resourced and supported at scale, which were EROAD and Coretex (Commerce Commission interview with []; [] stated that if it were not using Coretex it would probably use EROAD (Commerce Commission interview with [].

⁶¹ Commerce Commission interview with Coretex (1 September 2021); Commerce Commission interview with [].

⁶² []

⁶³ The Application at [203].

⁶⁴ The Application at [205].

66.1 As identified in Attachment A, Navman has a broad set of features comparable to the Parties' offerings.

66.2 []⁶⁵

66.3 [] EROAD customers that we spoke identified Navman as their next best alternative.⁶⁶

66.4 []⁶⁷

The evidence currently indicates that resellers that provide RUC Monkey are unlikely to be a strong constraint on the merged entity

67. Picobyte sells its RUC Monkey product through resellers as an add-on to other telematic services. The evidence at this point suggests that telematic suppliers using RUC Monkey only account for a small part of the market.

67.1 RUC Monkey operates at a smaller scale than other telematic solution suppliers [].⁶⁸

67.2 RUC Monkey has only a small presence in New Zealand and globally and therefore []. Some market participants who have considered RUC Monkey have [].⁶⁹

Constraint from suppliers of telematic solutions involving electronically-assisted RUC systems

⁶⁵ []
⁶⁶ Commerce Commission interview with []; Commerce Commission interview with [].

⁶⁷ []

⁶⁸ Commerce Commission interview with []; Commerce Commission interview with [].

⁶⁹ Commerce Commission interview with []; Commerce Commission with []; Commerce Commission interview with [].

68. As noted in the market definition section, some of the rival suppliers offer a simpler RUC solution which tracks the distance travelled, alerts the user when to buy a RUC license and may facilitate the purchase of these licences (referred to in the Application as “electronically-assisted RUC”).⁷⁰ The evidence currently before us indicates that this does not provide the same convenience as eRUC systems. However, we are continuing to consider whether some customers may accept this as an alternative in the face of a price increase and invite submissions on this issue.

Summary of our current view on constraints from rivals

69. We currently consider that Navman is likely to impose a degree of constraint on the merged entity, while resellers with RUC Monkey appear to pose less of a constraint. We continue to assess whether these constraints would be sufficient (along with other constraints) such that the Proposed Acquisition would not be likely to result in a substantial lessening of competition.
70. We invite submissions on the extent to which Navman and resellers that supply RUC Monkey could expand to impose a competitive constraint on the merged entity.

Constraint from new entry

Applicant’s view

71. According to the Application, the barriers to entry to providing a telematic solution are low, as demonstrated by Navman’s and Picobyte’s entries in 2017 and 2018, respectively.⁷¹ EROAD submits that any of the telematic solution suppliers that are currently operating in New Zealand could develop an eRUC system as part of their telematic solution offering, or that entry from a standalone supplier (like Picobyte/RUC Monkey) is possible.⁷²
72. Moreover, the Applicant notes that the Waka Kotahi requirements for eRUC suppliers are likely to be liberalised, which will have the effect of increasing the likelihood of entry by a new participant.⁷³

Our current view

73. The evidence we have gathered so far indicates that the conditions of entry and expansion for telematic solutions which involve eRUC systems are likely to be significant. There are many other telematic solutions suppliers that offer similar features to EROAD and Coretex (see Attachment A). However, the feature that many do not have is an eRUC system.

⁷⁰ For example: Trackit offers a product that automatically alerts users when an RUC is required and calculates off-road refunds. TrackIt “Road User Charges” <https://www.trackit.co.nz/Solutions/Road_User_Charges.aspx> (Viewed on 21 October 2021); Argus offers a product that automates the purchase of RUC and sends the licence to the customer and is able to take account of off-road driving. Argus “Automated RUC Registration Purchasing” <<https://argustracking.co.nz/automated-ruc-registration-purchasing>> (Viewed on 21 October 2021)

⁷¹ The Application at [212].

⁷² The Application at [212].

⁷³ The Application at [215].

74. It is necessary to gain approval from Waka Kotahi to offer an eRUC system. The eRUC system is responsible for collecting information to calculate the user's RUC and a supplier of an eRUC system is also a collection agent of Waka Kotahi. The eRUC system must therefore satisfy Waka Kotahi's requirements of:⁷⁴
- 74.1 security (the device must not be able to be tampered with or at least it must be able to identify if it has been tampered with); and
- 74.2 accuracy (the device must record the distance travelled on public roads).
75. Based on the experience of the existing eRUC system suppliers, meeting these requirements appears difficult. Current evidence suggests that it could take a new entrant [] and considerable expense to develop an eRUC product.
- 75.1 []⁷⁵
- 75.2 []⁷⁶
76. The decision on whether to invest will rest on the number of customers that a new entrant could hope to attract. Achieving approval from Waka Kotahi is a necessary step but does not provide a guarantee of gaining customers. Some challenges to achieving a necessary scale appear to include the following.
- 76.1 RUC is a regulatory feature unique to New Zealand. Most of the telematic solutions suppliers operate in several countries. Most features can be offered to customers in all those countries which makes it easier to justify the investment. eRUC systems are only relevant to New Zealand which means a return must be achieved over a smaller number of customers.
- 76.2 There is some degree of churn of customers between suppliers of telematic solutions with eRUC systems,⁷⁷ however some customers we have spoken to have identified high costs of switching.
- []⁷⁸ This may make it harder for a new entrant to achieve scale. The switching costs include:

⁷⁴ As the Application notes, the legislation in relation to eRUC systems is under review. In part this is to update the legislation to better reflect the change in technology and allow a broader means to satisfy Waka Kotahi's requirements. We continue to consider the extent to which this may lower barriers. However, the timeline for such changes are unclear, as too are the changes that will be made. Regardless of the changes, it appears that applicants will still need to meet the same or similar Waka Kotahi requirements on accuracy and security. The Application at [215].

⁷⁵ Commerce Commission interview with [].

⁷⁶ Commerce Commission interview with [].

⁷⁷ See, for example, the Application at Figures 27 and 28.

⁷⁸ Commerce Commission interview with [].

- 76.2.1 the time to switch physical devices in the vehicles which requires them to be out of service. This is normally done over a period of months to switch larger fleets;⁷⁹
 - 76.2.2 training staff on new systems, which one customer described as a “steep training curve”,⁸⁰ and integrating a new telematic solution supplier with other back-office systems;⁸¹
 - 76.2.3 an upfront cost if customers were required to buy themselves out of their current contract,⁸² or if a customer chooses to buy its telematic solution hardware outright rather than on a lease;⁸³ and
 - 76.2.4 imposing these costs on third parties where large customers require their contractors to utilise the same telematic solution supplier.⁸⁴
- 76.3 The presence of switching costs means that new entrants may rely heavily on winning a large proportion of new customers that enter the market (for example new businesses or businesses that have not in the past used telematic solutions). Telematic solutions which include eRUC have been available as a product for over ten years now. This may mean that many of the customers that would find value in an eRUC system may already have purchased it from an existing supplier. We continue to consider the extent to which new customers might emerge.⁸⁵
77. Consistent with the discussion of barriers to entry above:
- 77.1 other suppliers of telematic solutions that we have spoken to consider the barriers to develop an eRUC system are high;⁸⁶ and,
 - 77.2 despite eRUC systems being an essential feature for many customers, there have been only four firms that have developed an eRUC system in the past ten years.

Summary of our current view on conditions of entry and expansion

⁷⁹ See, for example, Commerce Commission interview with [], Commerce Commission interview with [].

⁸⁰ Commerce Commission interview with [].

⁸¹ Commerce Commission interview with [].

⁸² Commerce Commission interview with [].

⁸³ Commerce Commission interview with [].

⁸⁴ Commerce Commission interview with [].

⁸⁵ As noted in the background section above, there is some speculation fuel taxes will be replaced with a new funding system based on RUC. If RUC is applied to more vehicles it may make it easier for telematic solutions suppliers to achieve the necessary scale to justify the investment in an eRUC system.

⁸⁶ Commerce Commission interview []; Commerce Commission interview with []; Commerce Commission interview with [].

78. At this stage, we consider that the conditions of entry and expansion in the market are significant.
79. We invite submissions on the conditions of entry and expansion. In particular:
- 79.1 the price increase and number of connections that would be required to justify the development of an eRUC system; and
 - 79.2 the extent to which new customers are likely to emerge in the market (for example from businesses using telematic solutions for the first time or from regulatory changes).

Constraint from countervailing power

80. At this stage we have identified limited evidence to suggest countervailing power by customers would impose a strong constraint on the merged entity.
81. One possible way that a customer could exercise countervailing power would be to develop its own telematic solution. At this stage it is unclear that such a threat would impose a strong constraint on the merged entity. Coretex has advised that [].⁸⁷
82. It is possible that a customer could develop certain features. However, given the barriers we have identified above to develop eRUC systems, we currently consider it unlikely a customer would develop its own eRUC system. To the extent a customer can develop its own telematic solution, we currently consider it would be unlikely to protect those that cannot.
83. We are considering whether Waka Kotahi may exercise some countervailing power. For example, if the Proposed Acquisition resulted in a lower uptake of eRUC, we are considering whether Waka Kotahi, and the Ministry of Transport, would have the ability and incentive to lower the barriers to entry.

Summary of current views on horizontal unilateral effects for telematic solutions which include eRUC systems

84. We are currently not satisfied that the Proposed Acquisition would be unlikely to result in a substantial lessening of competition in the supply of telematic solutions which include eRUC. This is because EROAD is likely to impose a competitive constraint on Coretex and we are not yet satisfied that this lost competition could be replaced through the combined constraint from:
- 84.1 current competitors;
 - 84.2 entry and expansion; and
 - 84.3 countervailing power.

⁸⁷ [].

We invite submissions on the current views expressed in this section. In particular:

- the constraint from existing competitors such as Navman and resellers that supply RUC Monkey;
- the constraint from suppliers of telematic solutions involving electronically-assisted RUC;
- the price increase and number of connections that would be required to justify the development of an eRUC system;
- the extent to which new customers are likely to emerge in the market (for example from businesses using telematic solutions for the first time or regulatory changes); and
- the constraint from countervailing power by customers.

Coordinated effects

85. An acquisition can substantially lessen competition if it increases the potential for the merged entity and all, or some, of its remaining rivals to coordinate their behaviour and collectively exercise market power such that output reduces and/or prices increase across the market. Unlike unilateral effects, which can arise from the merged entity acting on its own, coordinated effects require some or all of the firms in the market to be acting in a coordinated way.⁸⁸
86. This section covers coordination that may arise in the market for the supply of telematic solutions which include eRUC systems but also other potential telematic solution markets (such as those that include specialised sensors).
87. As a result of the Proposed Acquisition, Coretex would no longer be an independent competitor. We are considering whether this might result in coordinated effects by asking whether:⁸⁹
- 87.1 the relevant markets are likely to be vulnerable to coordination because:
- 87.1.1 there is a metric that the market participants could coordinate on; and
- 87.1.2 the markets have the necessary features to sustain an agreement (such as the ability to monitor and punish deviations from the agreement and aligned incentives to coordinate); and
- 87.2 the Proposed Acquisition will make coordination significantly more likely (for example, by removing an aggressive market participant or increasing symmetry among competitors).

⁸⁸ Commerce Commission *Mergers and Acquisitions Guidelines* (July 2019) at [3.84].

⁸⁹ For more details on these features see Commerce Commission *Mergers and Acquisitions Guidelines* (July 2019) at [3.84].

88. Coordination can take place on different elements of competition. In this case we have been considering whether any markets might be vulnerable to firms coordinating to:

- 88.1 set the level of prices, quality or innovation in the market;
- 88.2 allocate customers between each other; and/or
- 88.3 use standards or regulations to raise barriers or reduce the degree of competition between the parties.

The Applicant's view

89. EROAD submits that the proposed acquisition will not enhance the ability of the merged entity to coordinate its activity with competitors.⁹⁰ EROAD submits that the relevant market is not vulnerable to coordination, and that this would not likely change following the proposed acquisition because:⁹¹
- 89.1 a number of strong and innovative competitors would remain following the Proposed Acquisition;
 - 89.2 there are few barriers to entry or expansion, and a number of international telematic solution suppliers that could readily enter the New Zealand market and disrupt any potential coordination;
 - 89.3 telematics features/functions are highly differentiated and therefore not amenable to coordination;
 - 89.4 the telematic solutions industry is characterised by innovation and technological developments; and
 - 89.5 the Proposed Acquisition will not increase the merged entity's visibility of the other players' competitive positions.

Our current view

90. At this stage, the evidence suggests that the Proposed Acquisition is unlikely to make most potential forms of coordination more likely, complete, and sustainable in any market for the supply of telematic solutions (such as for telematic solutions involving eRUC or specialised sensors). However, we continue to consider the potential for coordinated effects via coordination on some aspects such as customer allocation or regulation.

Coordination on price, quality and innovation appears unlikely

91. The evidence we have received so far suggests that the relevant markets are not likely to be vulnerable to coordination on price, quality and innovation. We consider

⁹⁰ The Application at [217].

⁹¹ The Parties submit that the relevant market is the market for the supply of vehicle telematics in New Zealand. The Application at [84], and [217] – [217.5].

that the nature of the relevant markets mean that it may be hard to reach and sustain an agreement.⁹²

91.1 There is differentiation between the products suppliers offer which is likely to make it more difficult to identify a level of price, quality or innovation to coordinate on. Although most telematic solutions share the same core functions (such as mapping and distance tracking) there are differences in how this functionality is offered.⁹³ The extent of these differences can vary based on:

91.1.1 the development resources a supplier has dedicated to the functionality;⁹⁴

91.1.2 a supplier's design choices which can affect ease of use;⁹⁵ and

91.1.3 the level of service and support offered.⁹⁶

91.2 Some elements of competition are not easily observable, which would make it difficult to monitor adherence to the agreement.⁹⁷ The prices offered to individual customers are not generally transparent [].⁹⁸ For many customers, telematic solutions suppliers are chosen following RFPs in which price is one factor considered and negotiated bilaterally between the parties.⁹⁹ Although some suppliers have standard pricing,¹⁰⁰ discounts may be applied [].¹⁰¹

Coordination on customer allocation remains under consideration

92. We continue to consider whether the relevant markets may be vulnerable to coordination through customer allocation. Such coordination might occur for example if the market participants reached an understanding to compete only for customers in certain verticals or similarly avoided competing for each other's customers.

⁹² The main markets we have considered in this Sol are telematic solutions which include eRUC systems. However, the same principles would apply if other market definitions were used.

⁹³ See, for example, Attachment A. This is generally for features other than eRUC systems. See, for example, Commerce Commission interview with [].

⁹⁴ Commerce Commission interview with [].

⁹⁵ For example, [] noted the complexity of the Coretex functionality but the high degree of detail it offered. Commerce Commission interview with [].

⁹⁶ Commerce Commission interview with [].

⁹⁷ Some aspects of telematic solutions suppliers' offerings are made available via industry research publications such as the Berg Insight ANZ report. However, we have been told that the information in these reports is not likely to be complete. Commerce Commission interview with [].

⁹⁸ Commerce Commission interview with [].

⁹⁹ The Application at [87.3].

¹⁰⁰ [].

¹⁰¹ [].

93. Some features of the relevant markets may make it vulnerable to coordination through customer allocation. For example, some telematic solutions suppliers already appear to focus on particular verticals or types of customer.¹⁰² It would be easy to monitor an understanding to allocate customers through observing which supplier a customer has chosen. We however recognise that other features may make it hard to reach and sustain such an agreement.
- 93.1 Telematic solutions suppliers may find it difficult to reach an understanding if the customer groups to allocate are not clearly defined or some are more profitable than others.¹⁰³
- 93.2 There are large differences in the relative sizes of competitors. This may provide an incentive for smaller competitors to deviate from any agreement and a weaker incentive for the merged entity to agree.
- 93.3 Customers will likely be able to detect such coordination (eg, some firms will not participate in RFPs or their offers may be significantly different to previous discussions) and may be able to take actions to disrupt coordination.
94. The Proposed Acquisition may make it easier to reach an agreement to allocate customers because there will be one fewer firm. However, it would increase the asymmetry between the firms, with the merged entity being much bigger than other rivals. This could reduce the likelihood of the market participants having aligned interests to coordinate.

Coordination through standards and regulations remains under consideration

95. We continue to consider whether the relevant markets may be vulnerable to coordination through standards and regulations. Such coordination could occur for example if market participants:
- 95.1 lobbied for changes to legislation, standards or regulations that raised barriers; or
- 95.2 used standards or regulations as vehicles through which they could exchange information.
96. We continue to assess how the Proposed Acquisition would affect the ability, incentive and effect of market participants engaging in such conduct.

Summary on coordination

97. At this stage we consider it unlikely that coordination could take place on metrics such as price, quality and innovation. We continue to consider coordination on customer allocation and standards and regulations.

¹⁰² See, for example: the Application at [2], [3], [80]; Commerce Commission interview with []; Commerce Commission interview with [].

¹⁰³ We note that customers with specific specialised sensor requirements may be easier to distinguish from one another.

We invite submissions on the current views expressed in this section. In particular, whether the markets are likely to be vulnerable to coordination on the basis of customer allocation or through standards and regulations.

Vertical effects

98. A merger between suppliers (or buyers) who are not competitors but who operate in related markets can result in a substantial lessening of competition due to vertical effects. This can occur where a merger gives the merged entity a greater ability or incentive to engage in conduct that prevents or hinders rivals from competing effectively (which we refer to as “foreclosing rivals”).
99. At this point, we do not consider that it is likely that vertical effects will arise due to the Proposed Acquisition. This is because:
- 99.1 The Proposed Acquisition will not result in increased vertical integration as the Parties compete at the same level of the supply chain.
- 99.2 There is limited evidence of the merging parties providing inputs to rivals. It is generally not cost effective or practical to provide components as doing so would require multiple devices to be placed within the customer’s vehicle and paying for multiple monthly plans. One telematic solutions supplier (that does not currently offer an eRUC solution) told us that it sources an eRUC solution from [] to service one of the supplier’s customers.¹⁰⁴ We are considering how the Proposed Acquisition might impact this supply arrangement and, if so, whether this could affect competition in the wider market.¹⁰⁵
100. At this stage we do not consider that the Proposed Acquisition is likely to substantially lessen competition through vertical foreclosure although continue to consider the example we have identified above. We invite submissions on this.

Conglomerate effects

101. A merger between suppliers (or buyers) who are not competitors but who operate in related markets can result in a substantial lessening of competition due to conglomerate effects. This can occur where the merging parties have complementary products. The merging parties may bundle (ie, provide together at a discount) or tie (ie, only provide one product if purchased with another) those complementary products, so that competitors are unable to provide a competitive constraint on the merged entity.

¹⁰⁴ Commerce Commission interview with [].

¹⁰⁵ We are aware of two suppliers that have discussed with [] the possibility of supplying its eRUC solution. However, these discussions did not result in a supply arrangement. This suggests that reselling others’ components may be difficult to make commercially viable. Commerce Commission interview with []; Commerce Commission interview with [].

102. We consider it unlikely that conglomerate effects will arise due to the Proposed Acquisition. The evidence we have gathered so far suggests that an eRUC system is the only feature product for which the merged entity may have market power. However, both parties already provide an eRUC system and normally sell that feature as part of a bundle. Bundling is already occurring within the market and the Proposed Acquisition would not create new opportunities to do so. To the extent that combining those bundles could create market power, we consider this in our assessment of the unilateral effects.
103. At this stage, we do not intend to investigate the potential for a substantial lessening of competition through conglomerate effects further. We invite submissions on this.

Next steps in our investigation

104. The Commission is currently scheduled to decide whether or not to give clearance to the Proposed Acquisition by 23 November 2021. However, this date may change as our investigation progresses.¹⁰⁶ In particular, if we need to test and consider the issues identified above further, the decision date may extend.
105. As part of our investigation, we are identifying and contacting parties that we consider will be able to help us assess the issues identified above.

Making a submission

106. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that the Parties or any other interested parties can provide regarding the issues identified in this Sol.
107. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference "EROAD / Coretex" in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on 1 November 2021.
108. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would be likely to unreasonably prejudice the commercial position of the supplier or subject of the information.

¹⁰⁶ The Commission maintains a clearance register on our website at <https://comcom.govt.nz/case-register/case-register-entries/eroad-limited-coretex-limited> where we update any changes to our deadlines and provide relevant documents.

Attachment A: Feature list of telematic solution suppliers

Category	Function / feature	EROAD	Coretex	Navman	Smartrak	Blackhawk	Argus	Trackit	Sensium	Verizon	Cartrack	Ctrack	Spark	Voda-fone	Vehicle Technologies
Compliance / safety	Driver ID system	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓
	Electronic logbook (Waka Kotahi approved)	✓	✓	✓				✓							
	Electronically-assisted RUC services (both electronic and paper)	✓			✓	✓	✓	✓		✓	✓				
	Electronic road user charging (eRUC) (Waka Kotahi approved)	✓	✓	✓								✓ (RUC Monkey)			✓ (RUCMonkey)
	In cab device monitoring driver behaviour	✓	✓	✓			✓	✓		✓	✓	✓	✓		✓
	Posted speed monitoring	✓	✓	✓	✓	✓								✓	
	FBT reporting (light vehicles)				✓		✓					✓			✓
	Cameras	✓	✓	✓					✓	✓	✓			✓	
Asset tracking / management	Paperless vehicle inspection	✓	✓	✓	✓	✓	✓	✓		✓					✓
	Mapping	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Precision distance tracking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
	Geofencing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Service alerts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Fuel Management	✓			✓		✓	✓		✓	✓				✓
	Pool booking (real time location /booking)	✓			✓	✓	✓	✓							✓
Sensors and controls	Refrigeration		✓												
	Sensors and controls for concrete mixers		✓	✓											

Source: The Application except for Navman, Smartrak and Blackhawk.

Attachment B: Counterfactual evidence [Parties confidential]