CASE STUDY:

Driving EV adoption at Johnson Controls

Johnson Controls is a worldwide leader in fire, HVAC and security equipment for buildings. It employs more than 105,000 people in around 2,000 locations across six continents and can trace its roots back to 1883 when Warren S. Johnson, a professor at the Whitewater Normal School in Whitewater, Wisconsin, received a patent for the first electric room thermostat.

ARVAL
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For the many journeys in life

BACKGROUND

30,000+
strong fleet globally

8,000+ in 26
European countries

Arval has a longstanding relationship with Johnson Controls, providing the vast majority of its 30,000 unit international fleet as part of its Element partnership, and is responsible for 2,800 company cars in the UK alone.

With 2021 perceived as a pivotal year for electric vehicle (EV) adoption, Johnson Controls wanted to be able to integrate EVs into their company car choice lists for the first time and so started intensive conversations with Arval's consultancy team.

A key consideration was that because the Johnson Controls' fleet is operated across 26 European countries, the difficulties of using whole life cost (WLC) methodologies to include EVs on the same choice lists as diesel and petrol vehicles were insurmountable, so an alternative solution was required.

METHOD

Tim Wright, EMEA fleet manager at Johnson Controls, explained: "We decided to concentrate our initial efforts on the countries that we felt had the highest potential for EV adoption – the UK, Germany, Austria, Norway, the Netherlands and Sweden. These would serve as a testbed for our wider fleet during 2021.

"What Arval were able to do to overcome the issue with WLCs was to reverse engineer the lease rates for EVs to make them comparable to petrol and diesel vehicles. This was quite a complex task that involved looking at variables such as subsidies available for EVs in each country as well as local taxation.

"However, what we have been able to achieve, working together, is to provide EV choices in almost all of our nine company car grades. Only at the lowest, where there is a very limited number of EV models being produced, have we been unable to offer any options.

"The other move we have made is to increase the number of manufacturers with which we work to offer a wider EV choice. In recent years, we have mainly used a group of around half-a-dozen badges for company cars, but for EVs this has been extended as appropriate."

Much of the policy adopted by Johnson Controls around EVs has been adapted from Arval's own fleet.

Paul Marchment, Business Manager at Arval UK, said:

"We have used our own company car scheme as a learning model for EV adoption and, where appropriate, have applied the best practice lessons we have learnt when our customers have been constructing their own EV initiatives. In areas such as documentation and policy, we are often able to provide off-the-shelf material."

RESULTS

The reaction from company car drivers to the EV initiative has been very strong, especially in the UK, as explained by Tim.

"Since the launch of the revised scheme, 55% of new orders have been EVs. The benefit-in-kind situation in the UK means that EVs are extremely attractive to our company car drivers. A typical 40% tax payer with a diesel vehicle could easily go from paying £3,000 per year to nothing, so the appeal is obvious.

"What has also been gratifying is the degree to which people have simply taken to the EV concept. They value the driveability of the cars, they soon overcome any range anxieties, and they want to play their part for the environment."

Paul Marchment added that there was also widespread interest from employees of Johnson Controls who had opted out of the company car scheme in recent years and taken a cash option instead.

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"The benefit-in-kind situation means that cash-takers can move back into the company car scheme and have a brand new EV, while paying little or no personal tax. It's a proposition that many are considering and we are working on ways of making the process of returning as easy as possible for them."