TIRES AS A SERVICE

A SMARTER APPROACH TO
PREDICTABLE FLEET COSTS AND OPERATIONAL EFFICIENCY

MICHELIN

For most fleets, tire purchases over the years have happened in the same manner as many other purchases. Select the product, make the purchase, mount it when needed, and manage maintenance in-house. But as operating costs continue to rise, technician shortages persist, and uptime becomes increasingly critical, the traditional model is showing its limitations. Fleet managers are under increasing pressure to control expenses, improve cash flow availability, and reduce operational complexity. Those factors mean fleets are reconsidering how tire programs are managed and funded.

The challenge is that the purchase price of a tire tells only a small part of the story. The true cost includes the labor required for inspections, repairs, mounting, and replacements; the capital tied up in supply; emergency roadside service; downtime from tire failures; and the productivity lost when highly skilled technicians are pulled away from other work.

That is why more fleets are looking at Tires as a Service (TaaS) not simply as a procurement decision, but as an operating model. Instead of managing tires as a recurring capital expense and operational burden, fleets can pivot toward performance management, predictable service, and better control over risk. Through usage-based pricing models such as price-per-mile (PPM) or price-per-vehicle (PPV), fleets gain greater cost certainty while maximizing tire lifecycle management.

THE HIDDEN COSTS OF TIRE OWNERSHIP

Owning and managing tires internally can seem to be the most economical option at the point of purchase. In practice, however, this option creates costs that are difficult to see on the initial invoice. Tires must be purchased, stored, tracked, and maintained. Service events must be coordinated. Emergency issues must be handled quickly. Every unexpected failure can create costs down the road, from missed deadlines to reduced vehicle utilization.

For many operations, the larger issue is more than just cost, it's unpredictability. Tire expenses can fluctuate unexpectedly due to maintenance requirements, service calls, premature failures, and performance issues. A TaaS model helps convert those variables into a structured operating expense. For fleets, this means a clear understanding of spending over time, simplifying budgeting, forecasting, and cash-flow planning.

After fuel, tires are the next largest variable expense. Insufficient tire maintenance that leads to tire over- or under-inflation, irregular tread wear, and irregular inspections can end up costing thousands per vehicle.

Source: OverdriveOnline.com

MANAGING OPERATIONAL RESOURCES

While current survey findings suggest labor challenges may not be the primary driver for adoption, tire management continues to consume valuable operational resources. If maintenance teams are stretched thin and fleets continue to face shortages of experienced technicians, fleet performance may be heavily impacted if those technicians need to spend their time changing tires, checking pressures, managing inventory, or coordinating service rather than on complex repairs and preventive maintenance.

It can be a costly tradeoff in the long run. Every hour spent on routine tire work can reduce productivity and delay more strategic maintenance activity. Inconsistent tire service across locations can also make it difficult for fleets to standardize workflows and measure performance across the operation. By outsourcing these activities to a managed tire program, fleets can simplify operations and improve resource allocation.

WHAT TIRES AS A SERVICE MEANS

Tires as a Service shifts the focus from ownership to outcomes. Rather than repeatedly purchasing tires and managing the full lifecycle internally, fleets can use a managed program that aligns tire service with vehicle usage, operating needs, and performance goals.

Depending on the fleet, that may include price-per-mile or other usage-based models, full-service programs, mounted wheel programs, inspections, maintenance, repairs, replacements, emergency support, and service coordination. The objective is not merely to supply tires. It is to ensure the right tire is available at the right time, properly maintained, and supported when and where the fleet needs it.

Importantly, there is no one-size-fits-all model. Some fleets prefer a price-per-mile structure that ties tire costs directly to vehicle usage. Others choose full-service programs, mounted wheel solutions, or hybrid approaches that align with their requirements and objectives. The common thread is flexibility as well as the ability to reduce cost variability through usage-based pricing.

Finding the right provider as a partner is key, not only for success, but for peace of mind, says Nikki Nordhus, Director - Michelin Fleet Solutions. “By combining tire leasing, lifecycle management, retread support, mounted wheel programs, emergency road service, and simplified invoicing, Michelin Fleet Solutions helps fleets move from reactive tire management to a more controlled operating model,” she explains. “The result is less administrative burden, fewer surprises, and more visibility into tire performance and cost. This removes a key concern for fleets, particularly since tires are among their highest costs – second only to fuel and labor.”

ADDRESSING COMMON ADOPTION CONCERNS

One reason some fleets hesitate to adopt Tires as a Service is the perception that purchasing tires outright provides greater control. Or, the question may be if a managed program can accommodate their individual operation conditions. Fleets may also be curious about the financial value provided by TaaS when applied to their operation. In some cases, the greatest barrier is simply understanding how the model works, when it seems like an unfamiliar structure.

“I hear a lot of skepticism from people who haven’t used a program like this before,” says Alex Romero, Director of Maintenance at Tornado Bus Company. “The financial side can seem intimidating at first because it’s different from the traditional way of buying tires. Even for me, it took time to fully understand the model and how it benefits the operation.”

In practice, successful TaaS programs are designed around fleet-specific requirements. Vehicle types, routes, operating environments, maintenance practices and financial goals all impact the program’s structure. The objective is not to remove control from the fleet, but to deliver greater visibility and predictable costs that boost overall tire performance and lifecycle value.

WHY EXPERTISE MATTERS

The value of Tires as a Service extends beyond purchase or financing. Having tire management handled by specialists whose focus is optimizing tire performance, maintenance, replacement timing, and lifecycle costs delivers a great advantage.

Working with an experienced provider delivers access to established service processes and performance insights that are hard to replicate internally and offers the benefit of industry best practices. This creates a tire program managed strategically rather than reactively.

FROM REACTIVE MAINTENANCE TO PREDICTABLE PERFORMANCE

The biggest benefit of Tires as a Service is financial consistency. Usage-based pricing models help establish a clear connection between vehicle usage and tire spending, which in turn creates a stable cost structure that helps in forecasting. This eliminates periodic spikes in tire-related expenses, aligning planning and spending more effectively.

That spending visibility can impact the entire business, as better planning in such a critical area has a multiplier effect. Better tire planning supports better budget planning, which leads to fewer disruptions in delivery and performance, and improved asset usage keeps vehicles available to generate cash flow. And when internal teams spend less time managing tire issues, they can focus on the activities that directly support operational excellence.

FOCUSING ON WHAT MATTERS

The strategic value of Tires as a Service can be measured both in what fleets gain and also in what they no longer have to manage. Less time spent coordinating tire service, maintaining inventory, processing invoices, and responding to tire failures means more time spent improving fleet operations, customer service, safety, and profitability.

"OUR SUCCESSFUL TIRE PROGRAM IS DUE TO OUR PARTNERSHIP WITH MICHELIN."

"Our successful tire program is due to our partnership with Michelin," Romero says. "The TaaS program simplifies tire procurement so I can focus on the maintenance operation."

Tires are essential, but they should not disrupt operations. A strong business model should treat tire performance as a managed outcome rather than a recurring operational problem.

THE FUTURE OF TIRE MANAGEMENT

Fleets can continue purchasing and managing tires internally, but the perceived savings at the point of purchase will gradually dwindle over time through labor demands, downtime, emergency service, and operating variability. Internal management also means managing every point of the process along the way. Tires as a Service offers a plan that converts uncertainty into budget stability and aligns tire costs with vehicle usage.

By partnering with a provider that combines products, technology, service networks, and lifecycle expertise, fleets can lower total operating costs, improve uptime, strengthen maintenance planning, and free people to focus on other work. “Tires as a Service is more than a tire program,” Romero says. “It is a smarter way to manage risk, resources, and readiness across the fleet.”