

# The quest for telematics 4.0

Dialogue with the value chain:  
Detroit executive roundtable summary



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# 1 Foreword

Telematics 4.0 – the seamless integration of mobility and the web – presents stakeholders in this sector with an unprecedented range of opportunities. Approximately 104 million new cars are expected to have some form of connectivity by 2025, with potential revenues reaching US\$25 billion, up from US\$2.5 billion today.

For stakeholders in this sector to be able to realize this huge potential, strategies will be needed that can make in-car connectivity a viable proposition for the enterprise, while offering value to the end customer.

To gain more insight into the strategic priorities facing stakeholders in the complex and fast-evolving telematics ecosystem, EY's Global Automotive and Telecom Centers recently brought together more than 30 senior decision-makers from original equipment manufacturers (OEMs), suppliers, telcos and telematics companies, thereby bringing the whole value chain representing telematics around one table.

During a day of far-reaching dialogue at our roundtable event in Detroit, we brainstormed ideas in two key areas:

- ▶ Making sense to customers
  - ▶ Dealing with complexities in defining the value proposition (hardware, services, connectivity)
  - ▶ Effective pricing and service packaging, including customer segmentation
- ▶ Driving the enterprise value
  - ▶ Identifying the sources of return on investment for OEMs, suppliers, telcos, dealers, insurance companies and telematics operators

- ▶ Recognizing the need for enterprise-wide dialogue on performance management, metrics for ROI, internal operations and business models

It was clear that, instead of competition, the journey to telematics 4.0 will be more about cooperation. Stakeholders need to learn to work together to develop integrated offerings that can generate enterprise value and enhance the customer experience; but in such a fragmented sector growing at such a rapid pace, this proves to be easier said than done. In the following pages, we summarize the key findings, highlighting the opportunities and challenges that lie ahead.

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Source: 2025 Every Car Connected: Forecasting the Growth and Opportunity study, by SBD and GSMA, published in 2012

"How do we bring a group of disparate organizations together into a sustainable ecosystem, one that generates profits? What internal processes are needed to support this?"

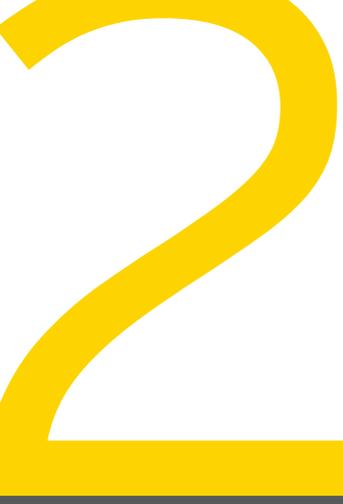


Photo courtesy of

We brought the telematics value chain together at one table for an intensive discussion on topics currently shaping the sector.

What are the telematics end services?	Vehicle independent services		Vehicle-centric services			
	On-demand infotainment	Navigation	Safety and security	Diagnostics	Vehicle to vehicle	Other services*
How are telematics services delivered?	Service delivery infrastructure	User interface	Wireless network (connectivity)	Customer support		
	Agero	Verizon	QNX Software Systems	Volkswagen		
	Airbiquity	Intelligent Mechatronic Systems	Qualcomm			
Stakeholders represented at the roundtable	Continental	Jeep, Inc dealer	Sprint Velocity			
	Delphi	KIA Motors	Telit Communications	Wireless car		
	Fontinalis	Octo Telematics	Vodafone			

\*Other services include usage-based insurance, fleet management and payment (tolling, parking).



# Executive summary

- ▶ **Ecosystem consolidation** – The ecosystem is likely to consolidate, leaving larger players well positioned. Players need to consider their core competencies and develop stronger partner management skills to ensure a well-delivered end-to-end portfolio. Automotive tier 1 players are likely to be the most impacted as telcos and automakers seek to vertically integrate.
- ▶ **Revenue model** – A mixture of subscription, embedded, pay as you go (PAYG) and big data will need to be considered for successful mass market offerings. Product category based pricing makes most sense, with security features being embedded, infotainment being on a PAYG basis and data analytics being used to sell driver data to third parties. Subscription of any kind will need to be integrated with existing plans before customers will accept what? the terms? the conditions?
- ▶ **Data as the key currency** – Dealers, insurance companies and retail stores would all be interested in utilizing data generated from telematics to refine their own business propositions. The ecosystem needs to resolve issues of data portability and ownership (including privacy), as well as system investment, to create sustainable offerings.
- ▶ **Telecoms operators** – First mover advantage will be critical to differentiation. Operators have to develop a wider set of telematics services other than simply connectivity. Services related to bill integration and invoicing, service provisioning, device management, data analytics and customer support are all competencies that could be leveraged to deliver telematics service.
- ▶ **Automakers** – The form factor issues will need to remain flexible and cater to economic customer segments. In the short term, a hybrid solution of embedded for premium vehicles and tethered for non-premium vehicles may make sense. Delivering this flexibility to an increasingly sophisticated customer base will be difficult, and partnering for the right competencies will be vital. Key to successful partnerships for automakers will be their ability to increasingly operate as a service-oriented enterprise.

# 3

## Making sense to customers

The boundaries of telematics remain fluid, with stakeholders in this sector continuously evolving their business strategies to gain access and ownership to the end customer. Looking ahead, the telematics market will continue to stimulate an increasingly collaborative environment with different players bringing complementary capabilities to the table.

As we heard from participants at the roundtable, it's a given that the customer wants connectivity. But the debate gets really exciting when the discussion moves beyond the consumer. It's when all the other stakeholders in the telematics ecosystem – from dealers, to telcos and OEMs – work out how to support connectivity and contribute to it that things get really interesting.

Looking ahead, three key areas will interact together, not in isolation, to drive take-up rates:

**1. Value** – Stakeholders must understand what customers are willing to pay for and how. Will subscription packages be attractive, or should connectivity be packaged with other carrier services? What should be offered for free to open more profitable revenue streams?

**2. Usability** – Value is a vital consideration, but user-friendliness and reliability are also must-haves. Providers must be equipped to provide a seamless user experience; but whose responsibility should this be – the OEM, the carrier or the telematics service provider?

**3. Flexibility** – Customers want more choices; from now on, providers must develop the flexibility needed to keep up with, and adapt to, the pace of technology-driven customer choices across all telematics services – from bundled basics (safety and security services) and pay-per-use “freemium” services, to premium subscription services.

Increasingly, customers will be asking if cars can offer the kind of flexibility that mobile packages do in terms of changing models, handset compatibility and also choice of connectivity (for instance, embedded and integrated versus tethered).

No single player holds a dominant position in the telematics space, and we believe that no one ever will. As the market matures, we expect to see stakeholders learning to work together to develop solutions that not only take the car online but also turn telematics services into a way of gaining a share of mobility beyond the car.

"Customers are not as loyal as they once were. They'll change appliances quickly if something better comes along. That's where we can use connectivity to our advantage."



Photo courtesy of

"There is a level of debate about who owns the customers and the sort of partnership that's needed in that space."

"What do consumers want to pay for and how? Are subscription rates the answer, or packaged data with other carrier services? Through one carrier, or multiple carriers?"

# 3.1 The right package

With connectivity set to transform the mobility and transportation experience, packaging the proposition effectively – hardware, software and also delivery of services within and outside the vehicle – will require greater collaboration between stakeholders across the telematics ecosystem.

For the moment, participants agreed that hybrid solutions will prevail, with tethered and embedded models dependent on whether services are being provided to the driver or to passengers. The key determinant will continue to be the user experience.

Although, over time, participants believe that the market will move in favor of embedded solutions, flexibility will continue to be a high priority. Expect to see variations within individual brands, with higher-end vehicles carrying embedded telematics and lower-end vehicles continuing to use tethered functionality.

New technologies will transform the art of the possible. Some participants reported success with dedicated short-range communications (DSRC) technology, while others stressed the need for continuous reinvention of applications based on analysis of the data extracted from vehicles.

The development of packaged solutions to match consumer demand will force every major player to work outside its core competency. As we observed at this event, the scale of opportunity is well-understood. But there is still no clear consensus on how to realize it.

**“With LTE rollout, you’re seeing some carriers have exclusivity with certain devices. How can we, as carmakers, keep up with that?”**

**“Consumers want flexibility. But technology still hasn’t caught up with the vision at the cell carrier and network levels.”**

**“Embedded solutions enable remote control functions, like heating the car up in advance, which can be fantastic value-adds. You can’t do that with tethered because when you leave the car, the connectivity’s gone.”**

**“Wouldn’t it be great if you could buy a car and instantly have your car as a device that’s sharing your overall data plan?”**

**“It’s not cheap to develop an embedded module ... or the back-end that ties into it. But once you’ve made that investment, you can look at what features can be brought in ... instead of just introducing features you think consumers like using on their smartphones.”**

**“Another area that’s very important for the success of the business model is to give consumers freedom of choice. People don’t like to be tracked unless they can identify explicit value in it. And even if the OEM provides certain applications, consumers will still want the ability to opt out.”**

Note -

**Embedded:** Both the connectivity and the intelligence is built directly into the vehicle.

**Tethered:** The intelligence remains embedded in the vehicle while the driver must use their phone as a modem (via wired, Bluetooth or WiFi) to enable connectivity.

"How does the enterprise realize and recover the investment it made in enabling its customers?"

"To build buy-in, you have to go up through the hierarchy, through the layers and across them all, because connectivity touches every single aspect of the business – from technical design, to engineering, to after-sales and marketing. You need to group them together in the business case."

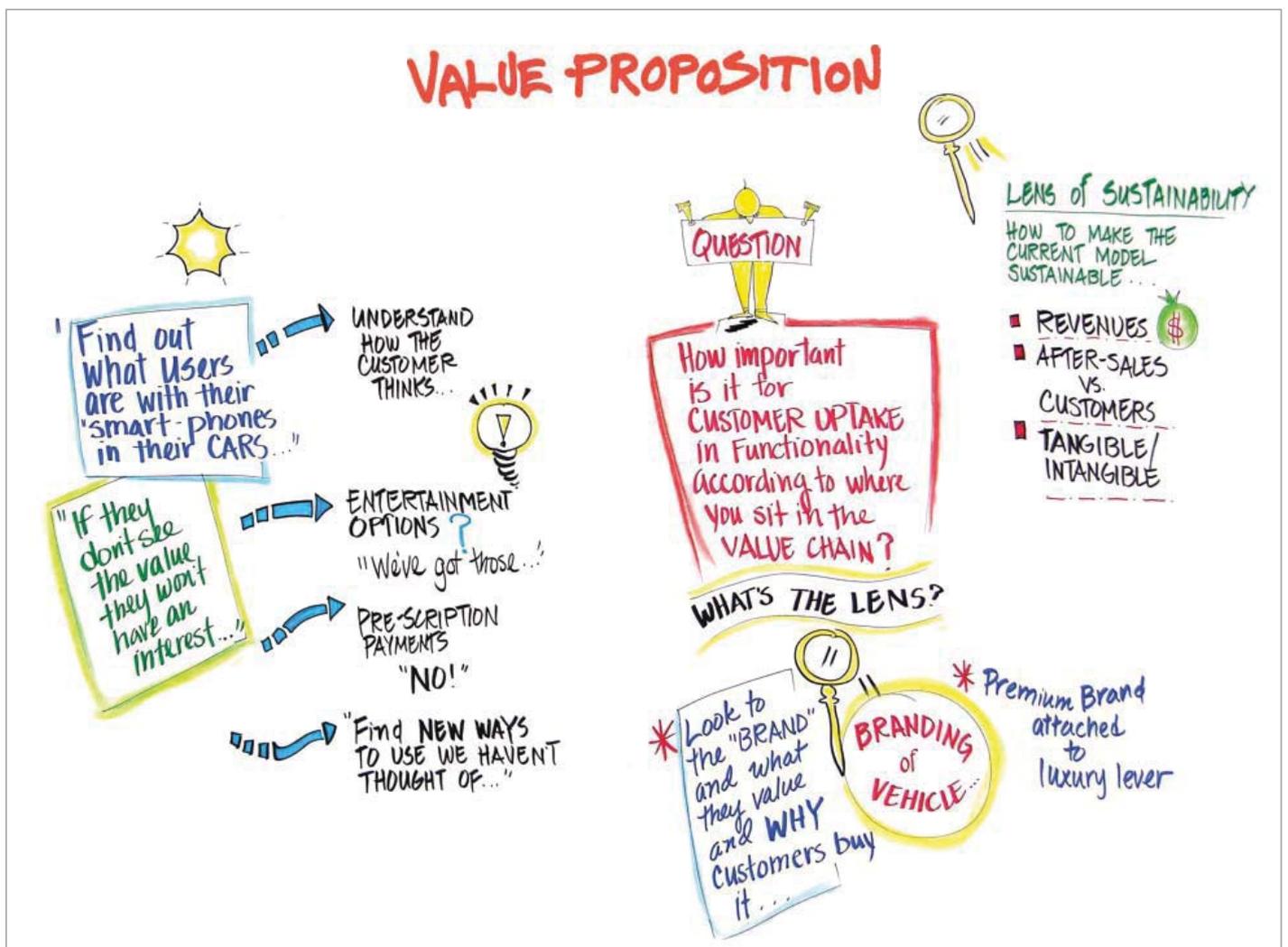


Photo courtesy of

"Tangible versus intangible. We build business cases around that. After-sales is intangible – that's the benefit for the dealer going forward. That's all about customers getting a better experience at the dealers, and dealers getting more churn in their buys. That's the real value proposition down the road."

## 3.2 What price for telematics?

Despite consumers' propensity for remaining connected, much of the potential for telematics continues to be unrealized. In part, this is because these services are perceived to be overly complex. Another major factor is that customers are unsure whether the benefits justify the costs.

With technology moving so fast, the costs of embedding and updating in-car connectivity are rising all the time. This means that existing pricing models will soon be unsustainable, if they are not already. Against this backdrop, OEMs, telematics services providers and carriers need to rethink the way they price and package their connectivity solutions, rather than persisting with traditional pricing bundles.

As we heard at the roundtable, various considerations confront the principal stakeholders. For automakers, opportunities exist for the cost of

diagnostics and security services to be built into the price of new cars, with subscription models being followed in the aftermarket. Payment services can be integrated within vehicles, and non-core services (such as billing and subscription management) can be outsourced to partner organizations.

Carriers can drive customer uptake through flexible data plans (e.g., shared data plans or split billing services). Closer collaboration with OEMs will enable them to offer customer support services, such as subscription management and invoicing and billing services.

"Assuming that the hybrid model is around for some time yet, pricing and costing for customers will come from different sources. Some will be buried in the price of the car, some will be based on data usage."

"It's all about monetizing the intangibles, rather than focusing on the customer's willingness to pay up front."



Photo courtesy of

"When we're trying to determine our price points, the intangibles are things like what happens to vehicle data; how can it be monetized; how much monetization is allowed for privacy purposes?"

"Because the pricing of telematics offerings comes from multiple sources, how can customers really understand the cost of ownership of their connectivity?"

## 3.3 Communication breakdown

Connectivity is becoming increasingly important as a consideration in car purchasing. This creates a huge opportunity for all stakeholders, provided they can communicate the value proposition among themselves and, crucially, to customers.

As well as communicating the value proposition to dealerships, OEMs and other payers in the telematics ecosystem need to get better at communicating the wider benefits of connectivity to customers. As one roundtable participant asked: "Has anyone actually taken the time to explain to customers how this will enhance their driving experience, or their ability to get a particular service for the vehicle?"

Participants agreed that once consumers fully understand what they are paying for (and which functionalities they actually need), in-demand services and solutions will be driven through the entire value chain. Representatives from all key stakeholder groups agreed that the onus is on them to get the message across – clearly and consistently.

"What we have to do is create a digital environment on the OEM's website that makes them understand all the innovation that's going on ... that gets them down to the showroom to check it out."

"Can we deliver flexibility as a telematics offering – and can we communicate that flexibility to the market?"



Photo courtesy of

"If you think about what is packaged and being articulated to customers, do they understand what content is available? Is that part of the value proposition at the dealer?"

"Focus on safety ... that's what catches attention. Customers are going to be most receptive to paying for that."

## 3.4 Deal-makers, not deal-breakers

Dealers have a vital role to play in driving take-up of telematics services; however, they are still far from embracing telematics-driven opportunities. For the moment, they do not feel incentivized to “sell” these technologies to their customers.

Although telematics provides dealers with an unprecedented opportunity to understand their customers better and to interact with them on an ongoing basis, dealers currently lack experience in describing and selling telematics, as well as the expertise, to identify revenue-generating opportunities at this stage. They also lack the tools and collateral needed to sell new telematics-related services to their customers.

To overcome this challenge, carmakers need to focus on developing stronger links with dealers, providing them with more understanding of the benefits of these technologies for their own businesses.

As one participant at our roundtable summed it up: “To get the dealers interested, you have to approach them through their service departments. The back-end, for them, is where the money is ... (for now) there’s just not enough in it for them at the front-end.”

Although they have a pivotal role to play in the retail process, dealers are currently struggling with the sale of telematics solutions and also leveraging it strategically for after-sales services. There was overall agreement among participants that new ways need to be found to facilitate this for them.

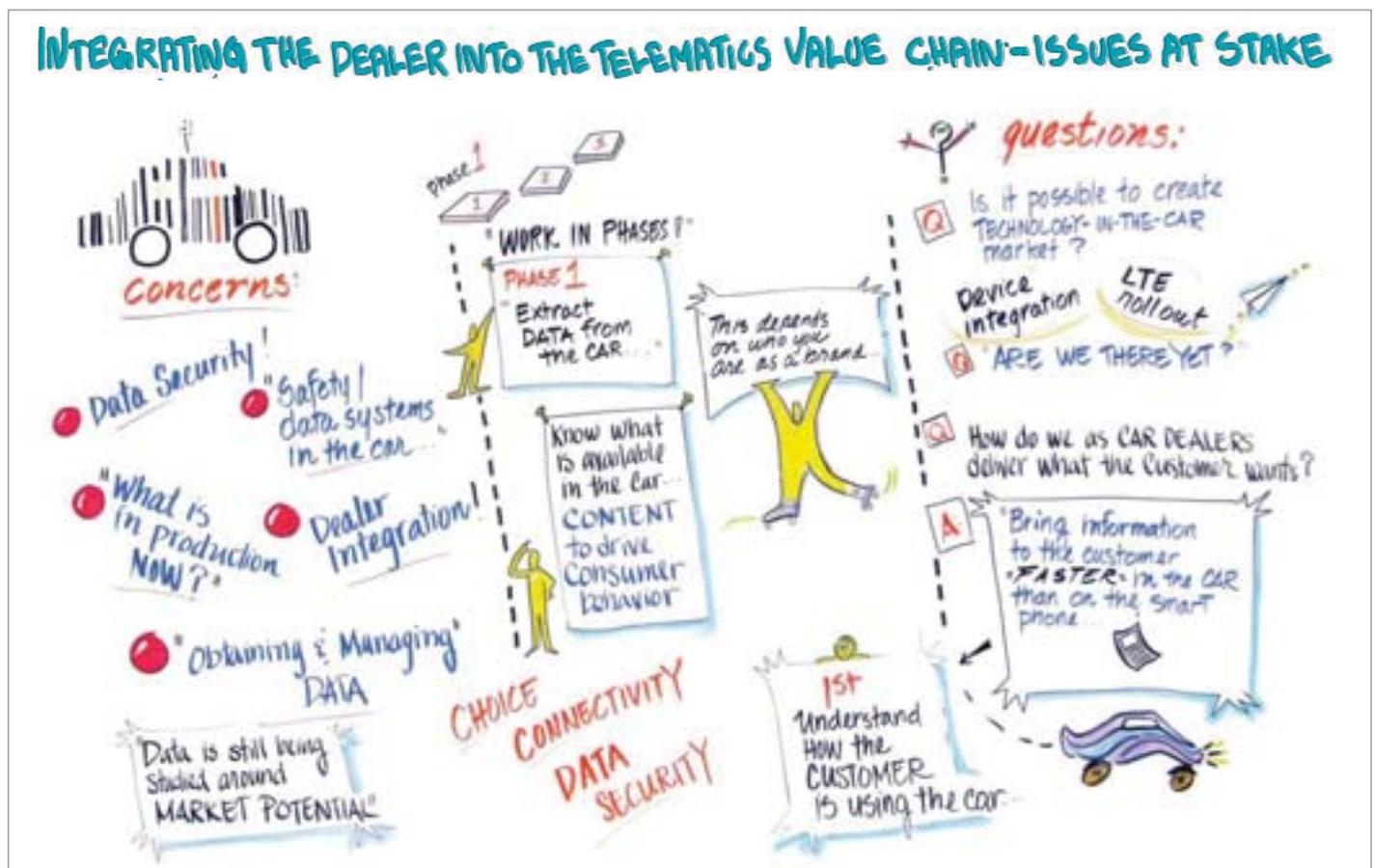


Photo courtesy of

“One of the primary interfaces with the consumer at the retail level is the dealer. You know that’s where the rubber hits the road, in terms of somebody acquiring a vehicle that has capability you want to bring your content into.”

“We started off paying dealers to sell in-car connectivity. But that didn’t improve take-up. From then on, we did factory activation, outsourcing sales and renewals to a specialist telematics provider. It’s their business. They have a vested interest in getting renewals. Why burden dealerships with that?”

"Right now, a lot of dealers feel that telematics is just getting in the way of selling cars. It's too big a subject to explain and it adds too much to the cost of a vehicle."

"This is a complex area. How can dealerships outline the range of choices, functions and payment options? Is the dealer actually enabled to have these conversations around price and value?"



Photo courtesy of

"We cannot be continuously training dealers in telematics. So our job is to enable the technology, make it easy for the dealer to sell the car and then let the providers and the partners we have jump in and have the opportunity to close the deal."

"There's too much churn at dealerships. Right now, we train dealers in telematics and then they leave and they take half their clients with them."

"As a dealer, I'm not interested in your revenue stream if customers opt to turn on Sirius radio. What interests me is the OEM telling me when a consumer has work to be done on their car. We want to get to 70% gross in our service remit – so if you can tell me when somebody's brakes are low, or when they need new tires, that kind of information is going to get my attention."

# 4 Recognizing the enterprise value of telematics

Whatever their role in the telematics ecosystem, all stakeholders are confronted with a common challenge: putting in place the internal processes needed to support the integrated offerings that are so essential.

During the afternoon session, we heard about a range of approaches for realizing and recovering the investments that have been made in telematics. All participants see their businesses evolving at pace in the coming years, as they drive toward delivery of integrated services and solutions.

The shape of these business models will be molded by decisions to control some service offerings and outsource others. Recognizing that vehicle-centric applications hold vast revenue potential, a number of OEMs have plans to launch their own application stores and/or their own applications. They also will fight to keep control of the human machine interface (HMI) as a powerful brand differentiator and revenue-generating opportunity.

As we heard during the roundtable discussion, other services, such as customer support, will increasingly be outsourced; OEMs may opt to maintain a customer-facing role for some, with back-end support provided by other

stakeholders. For their part, carriers will capitalize on their existing customer service expertise and infrastructure, partnering with auto manufacturers, either as back-end support or as providers of end-to-end customer services.

Insurers will have to focus on product innovation to drive maximum value from telematics. Usage-based insurance (UBI), still in the earliest stages of acceptance, will become prevalent. At the same time, leaders will realize continuous improvement in risk selection through capturing and analyzing more accurate information on individual driving behaviors.

By its very nature, telematics impacts every layer of the enterprise – from technical design, to engineering, to after-sales and marketing. All participants agreed that this has a major impact on how business cases for these services should be presented and on the day-to-day management of these operations.

"Infotainment involves gigabytes of information, as compared with standard telematics applications, which need just a few megs of data. So what we need to see is greater uptake in infotainment, which will make it much easier to extract the data by default from vehicles and reduce the cost of that process."

"Once you've got the architecture physically in the car, as well as the back-end needed to support it, then you can start turning that around to show the real value proposition. That means identifying how you can use connectivity to help CRM, to help dealers figure out parts ordering, inventory, fix it right first time. It's all about monetizing the intangible, rather than focusing on the customer's willingness to pay up front."

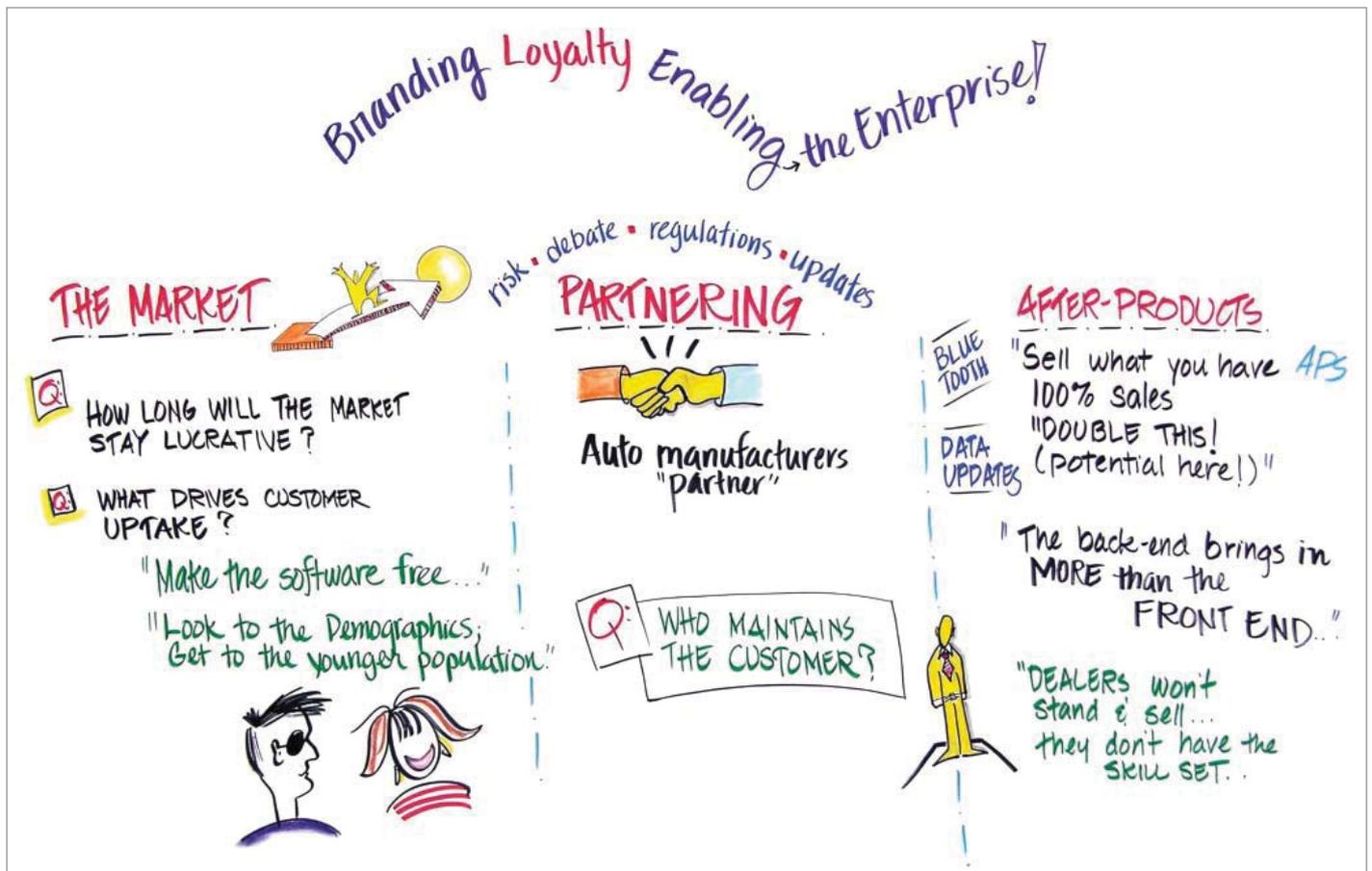


Photo courtesy of

"OEMs have had to integrate with dealers' systems for at least 20 years, so the data traffic between them is well established now. So, to an extent, you have customer data going in and out already. The channels are already there. It is more about who actually owns the data. Is it OEM-owned or dealer-owned?"

"What we need here is much more intensive communication between all the stakeholders, and bringing products to market together. Perhaps we just have to put more energy into what we do best, which is making connections."

# 4.1 Collaborative thinking

Connectivity is the future. And seamless collaboration is its foundation, within the organization itself and out across the stakeholder ecosystem. But with so many different partners involved, this creates complex challenges.

With so many different parts of the organization involved in telematics, a complex web of relationships must be managed and, where possible, geared to achieve greater productivity.

As one OEM participant summed it up: "There's product planning in long-term strategy talking to long-term life cycle planning of products and services; there's the aftermarket division working with dealer networking ... they're all working in silos, talking to different partners and suppliers. The question is, how can they be made to work more productively together?"

And that's just inside the organization. Partnerships also must be forged with a range of other businesses in the telematics space. And, like all partnerships, these must be closely managed. In the telematics sector, where there is so much competition to own the customer, these partnerships will have to be structured with particular care.

Participants at this roundtable event agreed that partnerships will play a key role in driving uptake and delivering enterprise value. Overall, the emphasis will need to be on adapting business models and relationships to take account of new developments. As always, the priority must be flexibility.

"Carriers are key ... they make the connections and increasingly provide the platform for that connectivity ... they also have billing relationships with millions of customers."

"We paid for this in the first place ... now we need to leverage this investment as hard and as fast as we can."

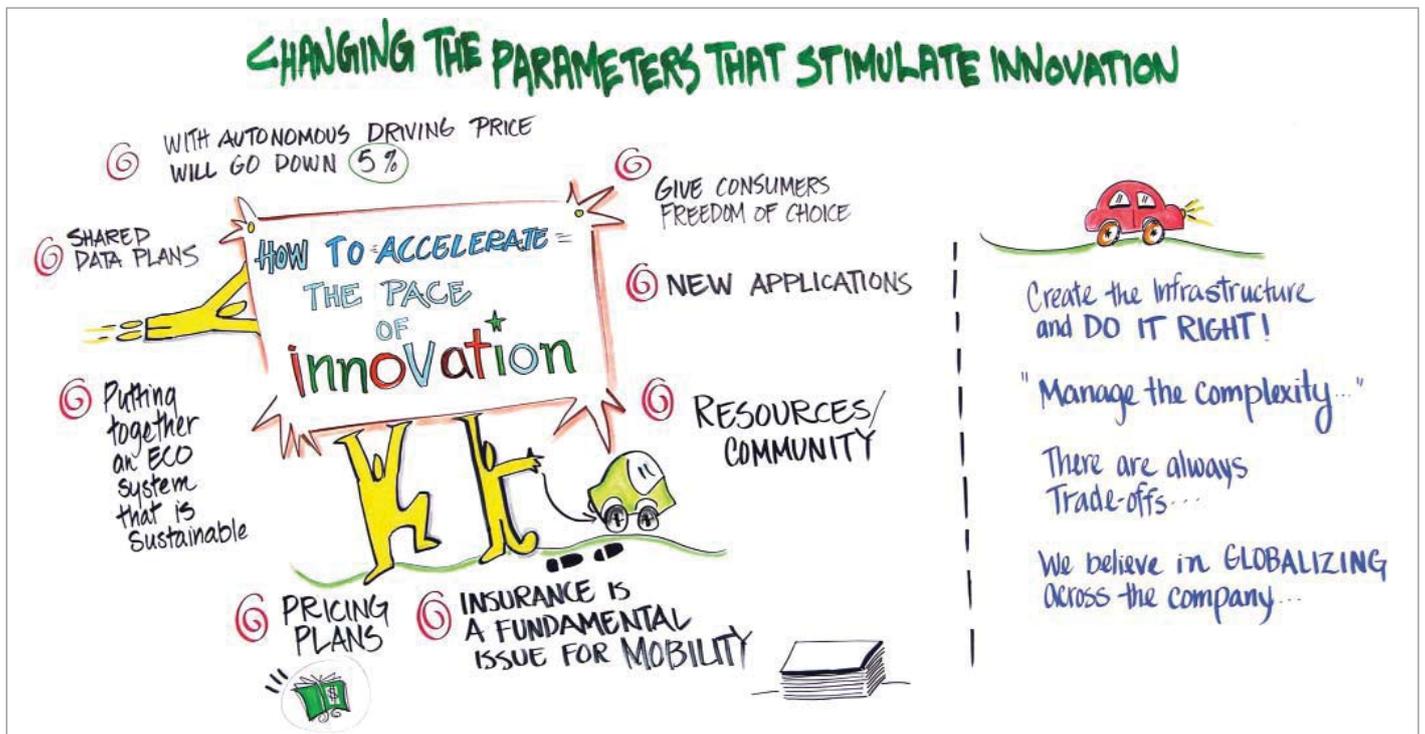


Photo courtesy of

"You really think we're going to sell vehicle data through a Bluetooth connection that goes through a telco's cellphone business back-end and then out?"

"The back-end brings in more value than the front-end."

# 4.2 The value conundrum

All stakeholders are focused on realizing maximum benefit – tangible and intangible – from telematics. What this means to individual players varies according to their position in the value chain.

Carmakers have a unique opportunity to realize powerful intangible benefits. Telematics gives them a fast track in to building a new way of interacting with their customer base and expanding the brand experience.

Dealers have an unprecedented opportunity to understand their customers better and to interact with them on an ongoing basis. And, provided they can work out a range of bandwidth and billing challenges, carriers will have the opportunity to claim the only hours in the day (off-peak network usage) still largely out of reach of broadband, creating

additional usage of their networks and driving more revenue.

During the discussion, we heard a range of opinions on where the value lies – and how best to capture it. OEMs felt under real pressure to recoup their original investments from internal and value chain efficiencies rather than from end user subscriptions. Dealers were in no doubt that the value of telematics will be concentrated in after-sales benefits. And insurers are hoping to capitalize on their proven capabilities in big data. The race is on.

“From a dealer’s point of view, there are two distinct products: selling Bluetooth technology on the front-end or getting data to drive customers into my service shop on the back-end.”

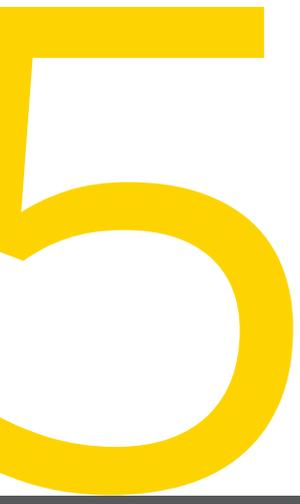
“Right now the business model is upside down. We’ve got to change the value proposition. ... we have to figure out how to get the data creators and the data users to help fund the model.”



Photo courtesy of

“We need to look at the data we can get out of cars and ask how we can leverage this intangible.”

“The simple metric is activation. But beyond that, it’s how many people are actually using the services. That’s the real measure of success.”



# Breakout sessions

Stakeholders are being asked some difficult questions across a range of areas – from big data and analytics, to urban mobility integration and disruptive innovation.

In a series of breakout sessions, we focused on some of the big questions confronting stakeholders across the telematics ecosystem.



Photo courtesy of

"We've had a lot of discussions with the legal authorities about how you can use the data, and who owns it. Some lawyers say that the user must explicitly give consent each time the car transmits data. Just think what that would do to the human machine interface (HMI)."

"Data is empowering and it can drive revenues – but "connectivization" of that data to make it useful, that's where problems can arise. These are issues that collaborative partners need to work out together."

"You really have to take a step back and say there are two conflicting environments. You have got the generation growing up, asking why can't I just get my cell phone to work in my car? Then you have the whole process of embedding the most reliable, expensive and superior service that you believe you can bring to the table."

# Big data and analytics

The upsurge in vehicle and customer data generated by telematics creates huge opportunities for stakeholders in this sector. But managing data at this scale is a massive challenge. Sophisticated data management and analytics capabilities will be core competencies, and various issues must be confronted.

- ▶ Who owns the data? Where is data located? Which data is valuable? How can data be transmitted for analysis? How can this data be overlaid with other types? How do we address data security and consumers' privacy concerns?

With big data capabilities already hardwired into their operations, insurers should be well-placed to realize benefits early on. Other players will have to invest in building these capabilities at pace or outsource them to third-party providers.

**"Connecting the dots with the data is what makes it useful ... and that's where the challenges lie."**

**"Once claims handlers have access to information on when, where and how accidents occurred, that's when they can really start to improve shareholder value."**

**"Over time, vehicles will become roving sensor platforms ... the value of the data they generate, in terms of mapping, traffic flows and pollution levels, will become incredibly valuable."**



Photo courtesy of

## Urban mobility integration

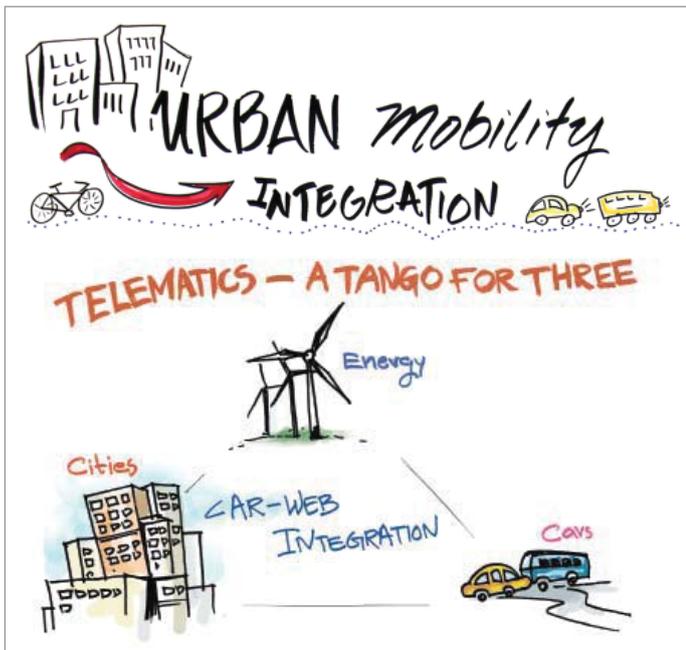


Photo courtesy of

Connectivity and car-web integration offer the possibility to redesign how vehicles interact with cities and, as such, have the ability to transform urban mobility. Telematics is the empowering tool facilitating the introduction of new car-sharing concepts that combine corporate, family and private needs while reducing the number of vehicles necessary in a specific jurisdiction. It can help optimize parking availability and open up a wide array of vehicle-to-grid benefits when combined with a battery as the source of power.

Cities are already beginning to use telematics as the new sounding board that can set the rule for new parameters, such as traffic management improvements and even carbon emissions tracking methods.

**"Going forward, we should think of a vehicle as an asset that enhances urban mobility while bringing the energy equation to the center of the transportation debate, an important milestone."**

**"As such, a connected car is soon to be marketable, similar to a smartphone where most of the value resides in the services it enables and consequent revenue it generates, rather than in the actual sale of the asset itself."**

## Disruptive innovation

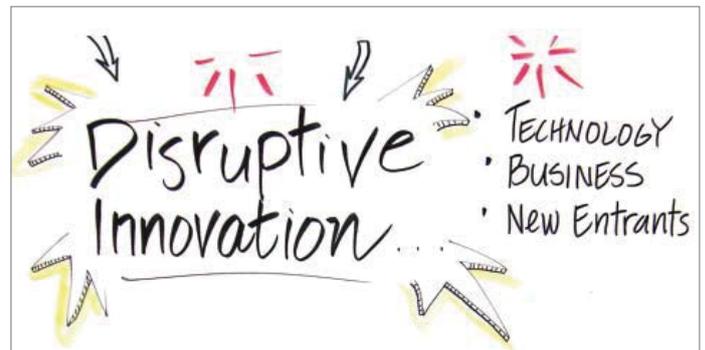


Photo courtesy of

The telematics ecosystem is evolving rapidly. Unpredictable innovation is a fact of life. All stakeholders must be equipped to have flexible business models that can adapt to change and turn it to their advantage.

**"It's about connecting the car to the house ... that's the real value chain ... that's where the real money will be found."**

**"Customers will want to pick and choose features ... manufacturers must make sure that when one feature changes, they can accommodate the impact of that change."**

**"Look ahead 15 years and we'll have autonomous driving. Everyone will have access to services without driver distraction being an issue. Embedded and tethered will both be irrelevant."**

**"The price of vehicles will go up because of the new technology that's being added to them. But the cost of mobility will go down significantly."**

**"Carriers will have to embrace a community of innovators that can extend the ways in which connectivity platforms are used."**



# Challenges ahead: breakthroughs and barriers

We ended our roundtable by asking participants to identify the breakthroughs and barriers that will shape the future telematics ecosystem. Legal and regulatory issues, particularly around data privacy, emerged as a key concern. Another challenge, currently a barrier to uptake, is the role of dealers in the retail process. The need to facilitate sales of telematics at this critical interface was unanimously agreed upon. Other problem areas include the research cycle in OEMs, along with the unpredictability of technological change and its impact on cellular networks. Telematics solutions will have to be flexible enough to keep pace with this.

Turning to breakthroughs, participants pointed to the need for new models in the aftermarket where end users are paid for telematics (reflecting their pivotal role as

data generators and gatherers). Other key developments will include the introduction of a truly robust content delivery platform. Not just a barrier, law and regulation were also identified as a source of opportunity. Once clarity is achieved on data ownership, stakeholders will be able to establish partnerships based on certainty.

For the moment, the telematics opportunity is out there and waiting to happen. Telematics 4.1, the next stage, will see this opportunity turned into value. Stay tuned.

# BREAK-THROUGHS



EXISTING MODELS IN AFTERMARKET  
WHERE END USER IS PAID FOR TELEMATICS.

Robust content delivery platform

LAW & REGULATION.

Photo courtesy of

# BARRIERS

LAWYERS

DEALERSHIP  
SKILL SET

- PERCEPTION OF  
DATA OWNERSHIP.

- RESEARCH CYCLE  
W/OEM'S

- Technological  
change on Cellular  
networks

Photo courtesy of

# Considerations for stakeholders

	Carmakers	Telecom operators	Motor insurers
Service offerings	<ul style="list-style-type: none"> <li>▶ Integrate telematics offering with mobility solutions to support intelligent transportation solutions</li> <li>▶ Build the cost of diagnostics and security services into the price of the new car, while subscription model to be followed in aftermarket</li> <li>▶ Focus on vehicle data, as well as integration of data in the environment</li> <li>▶ Leverage other revenue streams, such as location-based advertisements</li> <li>▶ Integrate payment services within the vehicle (while ensuring data security)</li> <li>▶ Build telematics systems with enough capacity and performance to handle software upgrades</li> </ul>	<ul style="list-style-type: none"> <li>▶ Offer 4G/LTE connectivity with high bandwidth services, such as internet gaming, videoconferencing, etc. for passengers</li> <li>▶ Provide flexible data plans, such as shared data plans or split billing services</li> <li>▶ Focus on network security for vehicle-related data</li> <li>▶ Telematics service platform to offer end services either directly to the customers or in collaboration with carmakers</li> <li>▶ Leverage data collection and mining capabilities to support carmakers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Develop an internal IT system to leverage telematics-based insurance data</li> <li>▶ Create attractive aftermarket proposition to drive uptake in car population on the road</li> <li>▶ Offer specialized products for fleets aimed at reducing the total cost of ownership</li> </ul>
Collaboration and partnerships	<ul style="list-style-type: none"> <li>▶ Partner with automotive suppliers to build open and scalable technology (HMI)</li> <li>▶ Collaborate with aftermarket channels for optimal utilization of vehicle data</li> <li>▶ Outsource non-core services, such as billing and subscription management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Partner with carmakers to offer customer support services, such as subscription management and charging and billing services</li> <li>▶ Partner with various sector stakeholders to launch services in the aftermarket</li> </ul>	<ul style="list-style-type: none"> <li>▶ Collaborate with carmakers to offer UBI based on integrated connectivity solution</li> </ul>

Telematics has a very complex value chain, which involves players from various sectors. EY helps major stakeholders throughout this ecosystem to develop and sustain the innovative business models that are needed going forward.

Our services include the following:

- ▶ Business process innovation and transformation (connected car, fleet management, car sharing)
- ▶ Blueprints for selection of suppliers to implement connected car-IT infrastructures, quality assurance after implementation
- ▶ Transformation integrator, design of operating model, architectural design, IT risk and security management, transformation facilitation
- ▶ Business diversification strategy and risk assessment, market strategy for new products and services, research for uncatered product segments
- ▶ Identification and assessment of potential investment opportunities and risks associated with new markets
- ▶ Cross-border corporate income tax advisory and income tax compliance
- ▶ Tax incentives for investments in car-sharing across geographies
- ▶ Legal and regulatory risk analysis and compliance, including data security

To discuss EY's capabilities in the telematics and connectivity ecosystem or to find out about similar upcoming events, please contact our sector professionals for more in-depth information.



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#### About EY

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#### How EY's Global Automotive Center can help your business

The global recession reset the automotive sector landscape. As the sector recovers, automotive companies across the value chain must focus on profitable and sustainable growth, financial and operational stability, investments in new technologies and seizing opportunities in high-growth markets. If you lead an automotive business, you need to anticipate trends, identify implications and make informed decisions that support your business goals. Our Global Automotive Center enables our worldwide network of more than 7,000 sector-focused assurance, tax, transaction and advisory professionals to share powerful insights and deep sector knowledge with businesses like yours. These insights, combined with our technical experience in every major global automotive market, will help you to accelerate strategies and improve performance. Whichever segment of the automotive sector you are in – from component suppliers to commercial or light vehicle manufacturers or retailers – we can provide the insights you need to succeed.

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