The Connected Car – Changing Business Models for Automotive

Chris Delaney
email: cdelaney3@csc.com
Agenda

• Driving in the Cloud – CSC Strategy for Automotive
• The impact of HTML5 and standardised APIs on IVI systems
• New technologies, new business models
• Streamlining the sales process
• Delivering a customer for life
• A vision of the future
DRIVING IN THE CLOUD
THE NEW LIFE CYCLE OF THE AUTOMOBILE

TO MARKET
Planning, designing, building, selling and supporting vehicles is one of the most complex tasks in today’s world of manufacturing.

DEMONSTRATION BOARD
The ideas start here and end in the garages of millions of consumers around the globe, but the work never stops.

DESIGN AND DEVELOPMENT
Sophisticated technology is utilized as engineers create detailed designs, prototypes and simulations. Production simulations demonstrate how the vehicle can and will be manufactured.

PROCUREMENT
A vast group of suppliers are brought into the process adding expertise, components and raw materials. A complex global supply chain is managed here. Parts can be ordered from suppliers or the raw materials can be brought directly to the factory and turned into vehicles.

MANUFACTURING
Manufacturing is like conducting a symphony orchestra with thousands of instruments and musicians, performing a new piece every 20 minutes. The dreams become reality during the manufacturing process.

DEALERSHIP
Dealers are the public face of the manufacturers to the end-user. Dealers are independent businesses that focus on the consumer to provide local sales and service.

CAPTIVE FINANCING
From floor plan loans to consumer credits, the finance arms of major manufacturers are critical to the success of the industry.

NEW DATA
OEMs now have access to performance, maintenance and location data that will improve current automobile performance and inspire the next generation of automobiles.

DRIVING IN THE CLOUD
The cloud-enabled vehicle is at your dealership now, but the battle over who enables the cloud is in the air. Car IT is the next option at your dealer – CSC is your integrator.

SOCIAL NETWORKING
Stay connected with home, school, the office and the world around you.

AFTER MARKET SERVICE
A wealth of information will be available via new technology so the OEMs can optimize the aftermarket service and parts revenue for dealers and partners.

LOCATION-BASED SERVICES
Finally a vehicle smart enough to fully utilize the tools in the consumer’s pocket: Tell me the most efficient route, locate the nearest charging station, my friends.

IT’S ALL ABOUT THE RESULTS
• 50% reduction in time-to-market through improved product development processes, for a leading component supplier.
• 40% reduction in time-to-market and 35% reduction in time-to-build through improvements in product design, factory operations, and supply chain, for a leading vehicle manufacturer.
• Order of magnitude reduction in fleet order time from days to minutes through rearchitecting of global order management and logistics processes, for a major OEM.
• Savings of more than 30% in yearly operating costs through offshoring, for a major OEM.
• 12% reduction in parts inventory and operating costs through optimized spare parts management, for a major European OEM.

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The Impact of HTML5 and standardized APIs on In Vehicle Entertainment and Information systems

- HTML5 facilitates the integration of IVI apps with web-based systems and mobile devices
  - Customer Relationship Management System
  - Customer Service Center
- This brings new opportunities for car manufacturers to streamline the sales process and engage with customers
New technologies, new business models

Streamline the sales process

- Remove friction
- Enable easy customisation
- Customer time
- Real time visibility of stock

Engage with customers

- In-life experience
- Intimacy
- Advocacy

“Most companies have conducted major programs to boost productivity and improve operations, but haven't put sales under the same microscope. Yet there's a much bigger gap between best and worst companies when it comes to selling than to areas like supply chain management, finance or purchasing.”

Thomas Baumgartner and Maria Valdivieso de Uster - McKinsey Automotive Report 2012
Pending Business Model Transformation

Product Economy

Ship Units, One-Time

Focus

Metrics

# Units Sold
Cost of Goods Sold
Revenue / Unit

Subscription Economy

Service Customers for Life

# Customers
New Customers
MRR / ARR
ACV / TCV
Renewals
Churn
(S)NPS
Streamline the sales process

• Challenges
  – Current supply chain
  – Lifecycle of automobiles

• Opportunities
  – Streamline sales processes
  – Provide stock visibility
  – Integrate with social media
Current sales process
Engage with customers: Seamless customer for life Communication

• Special Offers
• Service Reminders
• Coupons
• Test Drives
• Updates

Building a one to one relationship with customers
Demo Scenarios

• Scenario 1 – The Purchase Process
• Scenario 2 – In Life Management
Potential Customer Interested in Honda – Likes Honda Facebook Page

Led to this from a marketing campaign…
Ian ‘Likes’ Honda Facebook page.

Once dialogue has begun, Ian is created as a contact in CRM
Customer Downloads Honda App

Ian uses the Facebook widget to connect the Apple iTunes store and agrees to Terms & Conditions.
App integrated with Facebook

• There will be various integration points throughout the app;
  – Log into the app using Facebook login
  – Publishing at various milestones during the customer experience (booking a test drive, buying the car etc.)
App start-up

Ian is shown a range of options once he loads the app.
Customer Books Test Drive at Local Dealer Using App

Pick Model

Pick Date and Time

Confirms Details

Confirmation

Congratulations, Ian!

You have booked you test drive for a Honda Civic on Friday 26th November at 10:00

Why not set a reminder and share with your friends?
Customer Checks Availability of Model of Interest

• Ian is shown alternative, ready built cars that either match his specification or are close to it. This uses the common stock feed from SAP.

• If Ian wants to continue to purchase a new special order car he will be given an estimated production and delivery date.
Customer Configuring New Car

Select Model

Select Engine

Further Options

Select My Honda  Select Model  Select Options  Purchase

Select My Honda  Select Model  Select Options  Purchase

Select My Honda  Select Model  Select Options  Purchase

2012 EX GT 1.8 i VTEC Manual
Options Selected:
Manual
Polished Metal Metallic
Black Fabric

BUY NOW  FINANCE

Interior Colour
Black Fabric
Black Leather
Grey Fabric

Exterior Colour

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### Recent Products

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Data is pulled from SAP via Salesforce.com
Payment Options – Buy Now (Cash) or Finance

Payment Option

2012 EX GT 1.8 i VETEC Manual
Options Selected:
- Manual
- Crystal Black Pearl
- Black Fabric

BUY NOW

Finance

Buy Now

Feedback
I've just bought a new car! Visit http://www.facebook.com/HondaDemo and check out what I've got!

Honda was the first Japanese automobile manufacturer to release a dedicated luxury brand, Acura, in 1986. Aside from their core automobile and motorcycle businesses, Honda also manufactures garden equipment, marine engines, personal watercraft and power generators, amongst others. Since 1986, Honda...
Scenario 2 – In Life Management – My Honda

Promotions as well as servicing/safety issues notified to consumer.
Promotions and Special Offers

Facelift your Honda! A new set of alloys – only £20/mnth on your existing lease.
Customer Details Shown in SFDC

Contact Detail
- Contact Owner: Dean Levy
- Name: Ian Jenkins
- Account Name: Preferred Contact Method
- Phone: 0775622114758
- Mobile: Lead Source
- Credit Rating: 147

Address Information
- Mailing Address: 123 Emmanuel Road, London, SW12 0HN

Additional Information
- Facebook Image URL: http://profile.ak.fbcdn.net/profile.ak-snc/2726...
- Facebook Profile URL: http://www.facebook.com/ian.jenkins.75033
- Facebook User ID: FB_100064524120223

System Information
- Created By: Dean Levy
- Custom Links: Google Maps

Opportunities
- Action: New Opportunity
- Opportunity Name: Finance
- Stage: Clinc
- Amount: £8,395.00
- Close Date: 28/10/2012

Assets
- Action: New Asset
- Asset Name: 2012 SP 1.4 WDTC (Paypal Manual)
- Product Family: Clinc
- Serial Number: 1652983302
- Status: Purchased
- Purchase Date: 08/09/2011
- Price: £19,999
- Price for Lease: £14,568.00

Campaign History
- Action: Add to Campaign
- Campaign Name: Clinc
- Start Date: 16/10/2012
- Type: Special Offer
- Status: Sent
- Responded: No
- Member Status Updated: 15/10/2012 11:37

Open Activities
- No records to display

Activity History
- No records to display

Cases
- Action: New Case
- Case: 200810
- Subject: Have not downloaded your app. (Looks great)
- Priority: Medium
- Date/Time Opened: 17/10/2012 10:10
- Status: New
- Owner: Dean Levy
- Case: 200810
- Subject: Sounds fantastic. I'll be in Lancaster hands
- Priority: Medium
- Date/Time Opened: 12/09/2012 12:03
- Status: New
- Owner: Dean Levy
- Case: 200810
- Subject: This other sensor great
- Priority: Medium
- Date/Time Opened: 12/09/2012 18:03
- Status: New
- Owner: Dean Levy
A vision of the future

• Use HTML5 and standardised APIs to remove many of the traditional barriers to purchase that car buyers face

• Communication is done on the customer’s terms and can be done through a range of channels such as mobile and PC

• The relationship with the customer is ongoing, driving additional revenue for the manufacturer via Servicing, Special Offers and New Product Launches

• Own customer data and journey for 1\textsuperscript{st} time

• Drive sales with existing and new customer groups

• Not interfere with distribution channels (dealers)

• Develop new communication and engagement channels and interactions

• Enhance 1:n relationships – route to sell services

• Deliver this and earn a customer for life
Questions

Chris Delaney
cdelaney3@csc.com
+447917750079
Linked In: http://www.linkedin.com/pub/chris-delaney/2/281/a85