

High-performance Telematics

Turning the Promise into Profit

Four years ago, market watch groups predicted that telematics would save the ever-waning profit margins of automotive players by allowing for new sales and service add-ons. Hoping predictions would turn into reality, many original equipment manufacturers (OEMs) and service providers invested heavily in the technology, building significant asset bases to support it. Yet consumer demand for telematics-related services proved less than enthusiastic. Today's US\$1.5 billion market volume is as much as 10 times lower than predictions made in 2000, and forecasts continue to show a decrease in demand. But Accenture is working with companies to change the way they approach the technology with the goal of turning the promise of telematics into profit—helping them to become high-performance businesses.

Creating alliances to fuel telematics growth

Original equipment manufacturers, dealers and service providers understandably are reassessing their telematics strategies. Although the technology has been far from abandoned, it is widely recognized today as a cost of doing business—not necessarily as the source of new revenue.

Based on Accenture's deep industry expertise, we believe that telematics can indeed drive revenue and create real gains in business performance. But to do so, the delivery model must change. Accenture believes that companies mistakenly may be looking at the technology platform that supports telematics as a differentiating factor. Instead, we believe they should focus on creating service portfolios that will create a competitive distinction by boosting client satisfaction and business performance levels.

Accenture is working with automotive leaders to change the telematics mind-set from one that is focused on proprietary technology and exclusion of value chain partners, to a new one that leverages scalable capabilities and sustainable alliances.

Shared platforms reduce cost, increase value and enable high-performance telematics service delivery

To reduce the cost of continually developing telematics platforms that can accommodate the rapidly evolving technology, Accenture has developed an "aggregator" model. With this innovative approach, Accenture focuses on providing high-performance technology platforms for a range of OEMs—those companies would share development costs as well as operational costs. To further reduce costs yet enable players to offer differentiated telematics packages, Accenture assembles a variety of service providers—from content (news feeds), roadside services, navigation and in-vehicle entertainment. Car manufacturers then tailor these services for different customer segments; the more exclusive the brand, the more high-end the service portfolio.

Steering toward high performance through telematics

After years of promise, the profit of telematics finally may be realized by the industry. An initial focus on proprietary systems has proved costly—and undifferentiating. Car manufacturers have tried to share the cost of development—but the lack of standards stymied those efforts.

Now, Accenture sees an exciting role for telematics aggregators: back-end infrastructure is developed and shared by several original equipment manufacturers. Accenture can help your company by bringing together a range of service providers. This lowers cost and creates an opportunity for competitive distinction through exclusive, branded extras. Through this new approach to telematics, companies can achieve real business gains—leveraging the technology to create a high-performance business.

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With approximately 90,000 people in 48 countries, the company generated net revenues of US\$11.8 billion for the fiscal year ended August 31, 2003. Its home page is www.accenture.com.


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