

Creating a Frictionless Automotive Ecosystem

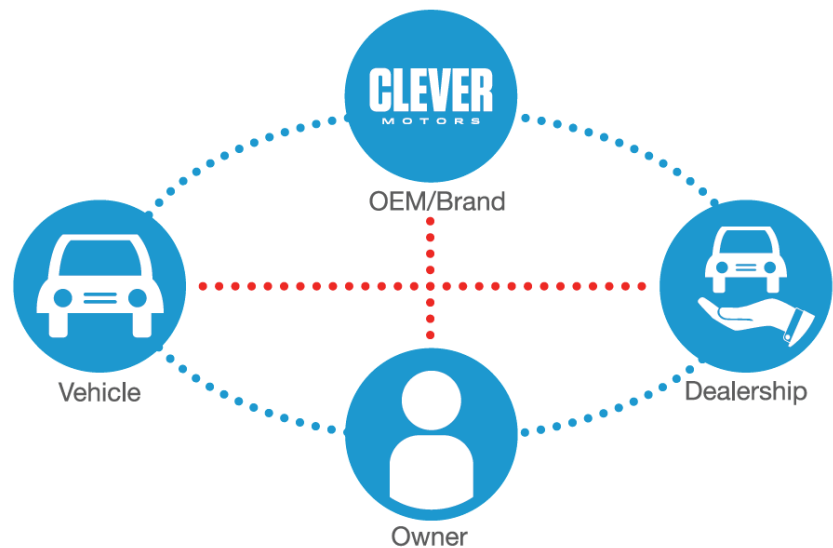
A connected ownership
experience.



Introduction: Friction works for braking, not for customer engagement

The advent of the connected car has thrust the automotive industry into a new competitive arena – that of data-driven services and value. This represents a sea of change for the industry, and the stakes are enormous.

Today's consumers expect to be able to connect to their world any-time from anywhere, including from their cars. This, in turn, is driving the need for auto manufacturers to offer more and more connectivity options. Manufacturers that handle these expectations well stand to build owner loyalty, increase customer touch points and ultimately sell more vehicles. Those that do not take this approach risk sowing disappointment and losing hard-won customers.



The fact is, it is not enough to just offer increased connectivity options and nifty applications. Manufacturers must also focus on minimizing the amount of friction the consumer experiences when connecting. Increased connectivity is most desirable when it is fast and easy, and unencumbered by having to remember passwords, PINs, credit card information and the like. In fact, many consumers would agree that connectivity is only desirable when it is fast and easy, as witnessed by the many connected car applications and services that go underutilized each year due to excessive friction.

Moreover, the need for reduced friction extends well beyond the car itself. It involves the entire automotive ecosystem, including customer service, dealerships, repair shops, finance organizations, insurance providers and other businesses that support the vehicle ownership experience.

Too often, these organizations present a disjointed and friction-filled front to the consumer, who has to navigate painstakingly between them; wasting time and racking up frustration. But if all these entities could come together and leverage a common cloud platform, they could better align to the benefit of their shared customers.



Adele – A connected consumer

Before we explore moving to a frictionless automotive ecosystem, let's briefly explore a day in the life of a "connected consumer" as she decides to lease a new car. Adele is a married, 35-year-old salesperson living in a mid-sized city in the Midwest. She is a very loyal customer of Clever Motors.

When Adele leases her new car, she has the ability to transfer all of her personal settings stored in the cloud from her older vehicle to her newer vehicle. This decreases the time she needs to set up her new vehicle and improves her satisfaction with the buying experience. She is also offered the capability of adding other drivers to the car that may have their own unique personal settings. Her husband, son and other new drivers could be added by simply selecting them from her address book in the car – which also includes all of her Facebook contacts.

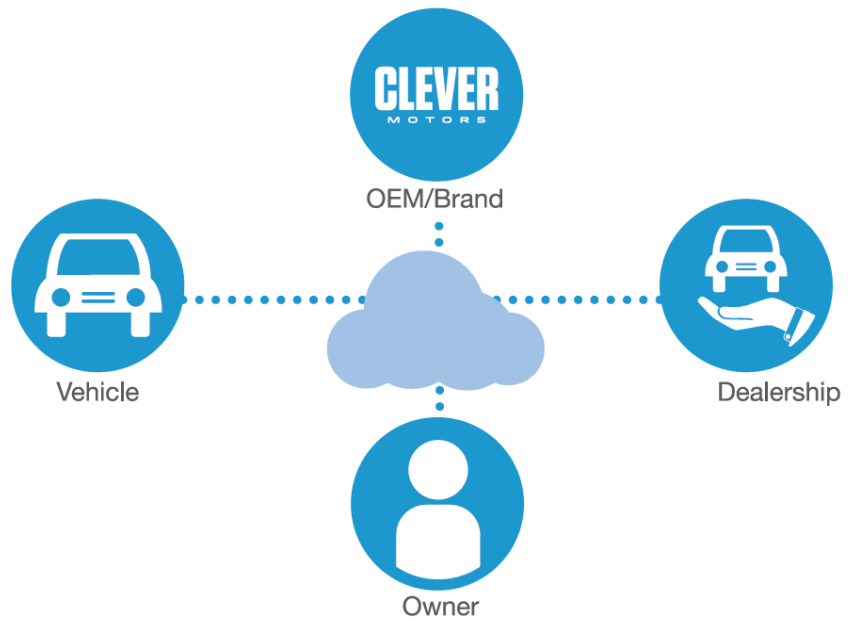
If needed, she can set strict permissions for every driver. Adele may want to only allow her son to travel within a specified radius from her home. Also, she may ask to be alerted when her son travels over the speed limit and restrict his ability to listen to music while driving. She may want to give her husband the ability to add his own infotainment applications of choice using his personal credit card.

Adele also wants the ability to subscribe to certain services without having to re-enter the same information every time she adds a subscription. And finally, when her lease expires and she turns in the vehicle to her dealership, she wants to ensure that her personal information is no longer accessible from that particular car when it's inevitably added back into the cloud by the dealership. These are just some of the features that connected consumers will expect in the very near future that automotive manufacturers will have to support.

Put the owner at the center of a friction-free connected car experience

As consumers, we have become spoiled by digital technologies and now expect seamless or near seamless customer experiences from the businesses we engage with. When we call our credit card company to make a payment, the voice system recognizes us and asks whether we want to use our checking account ending with "xxxx." It is fast, painless and free of friction. When we communicate electronically with co-workers or family, we can leverage a common interface across our smart phones, PCs and tablets to make it easy wherever we are. Again, minimal friction.

However, the auto industry is not entirely in line with these expectations. This is because the automotive ecosystem is fragmented, quite unlike the financial institutions, Internet companies, health maintenance organizations (HMOs), preferred provider organizations (PPOs) and other comparatively monolithic organizations that people interact with regularly. This is not to say that the auto industry cannot bridge its fractures in order to reap considerable rewards. But it is to say that consumers cannot help but question why the auto industry, the very producer of vehicles, is not more connected within itself.



To meet today's lofty customer expectations, automotive companies need to remove as many disconnects and as much friction as possible from the customer space, ultimately placing the connected vehicle owner — not the vehicle — at the center of the relationship.

Here are just a few examples of how doing this can transform notorious consumer pain points into rewarding customer touch points:

- Five-star treatment** – recalls provide a perfect example of a major industry disconnect across manufacturers and dealerships/service centers, and how it can be turned into a more positive experience. Customers frequently do not know where to turn once a recall is announced in the media, and dealers are often in the dark as well. But with tighter integration across manufacturer and dealer systems, an owner could be notified as the recall is announced publicly with instructions on how and when repairs would be provided. Similar information would be provided to dealerships including the estimated date of receipt for replacement parts. The customer could be presented in their device of choice (phone, vehicle, Web, etc.) the available times for the work to be performed. That way, when the customer drives up to a service bay for standard warranty work or vehicle maintenance, the dealer and customer would be synced up on what recall actions are required and if they could take care of them that same day.
- Accelerated sales process** – automakers have specific marketing, sales and service objectives, as do dealerships, and often they are not as well-aligned as they should be. Both entities are reaching out and inundating potential customers with information, forcing buyers to navigate between them. For example, shoppers might go to an automaker's website to design their vehicle and price it. Then, when they go to a specific dealer showroom, they have to start the whole process all over again with the salesperson. Tighter connectivity between manufacturers and dealers would remove this friction to simplify and speed up what most consumers regard as a painful purchasing process.

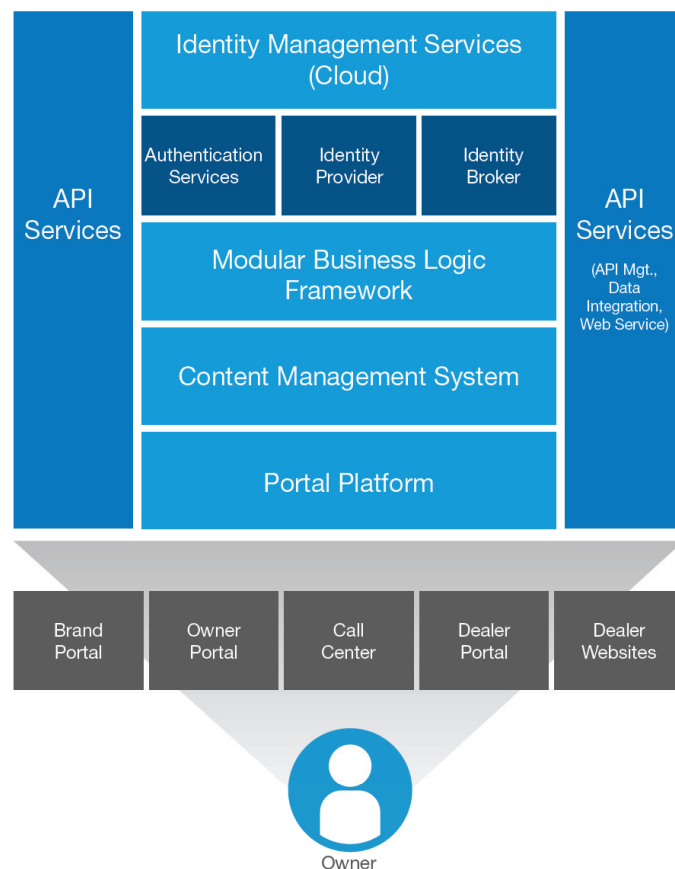
- **Seamless experience across dealers/servicers** – the dealer that sells a car may not always be the entity that services the vehicle. Dealerships often have different systems running their shops, so while “online service scheduling” sounds easy, it is frequently not.

And, transitioning appointments from one dealership service department to another is not even an option for most. Additionally, connected cars that alert customers of needed maintenance or repairs, may be alerting owners, but it is still up to the driver to search out an authorized dealer and to schedule the repair. Once again, excessive and unnecessary friction that can be eliminated through tighter integration across the network of dealers and its systems.

Automotive companies have little choice about removing friction and making these and other scenarios into realities. The market is coming to demand it. But there are choices to be made on how to approach it. The primary decision is whether or not to let some other party come in and manage it for them. The downside of off-loading the issue is the risk of being reduced to a commodity with diminished opportunities for differentiation.

The alternative is to take advantage of available technologies – most particularly, a cloud-based platform – to handle the situation. With this approach, there is abundant opportunity for placing the owner at the center of the relationship and delivering a differentiated brand experience across the connected vehicle lifecycle.

Business-to-Business (B2B) Cloud Platform



Cloud-based platform checklist

Open, yet controlled, the overarching advantage of cloud-based platform is its ability to integrate all the disparate organizations that contribute to the connected vehicle experience. By integrating them – or more specifically, their systems – these organizations can be marshaled to mold a friction-free experience that provides elevated levels of value to all parties – from shoppers, owners and passengers to automakers and dealers to financiers and insurers.

Automotive companies in particular need to leverage a platform that provides the following capabilities:

- **Comprehensive any-to-any integration** – this includes handling all types of data from any source, including user, vehicle and third-party data, at any latency, and supporting all communication protocols, standards and system platforms.
- **Cloud connectivity control center (or hub)** – this is essential to scaling cost-effectively in the face of burgeoning volumes of data related to connected cars and their occupants. It also enables business rules that govern authentication and permissioning to be managed in a centralized manner, allowing more rapid deployment of new services. And, this hub-based approach makes it easier to integrate content from external parties and solutions. It also helps to provide protection against malicious external threats while reducing the costs of providing security.
- **Robust identification and access management** – this is indispensable to ensuring vehicle occupant safety and privacy by safeguarding against illicit vehicle and data access, and by pre-empting driver distraction caused by having to enter numerous PINs, passwords and other types of IDs. Centralizing identification and access management in the cloud means that security updates need only be made once at the cloud platform level, as opposed to applying updates manually in the service departments of thousands of dealerships.
- **Secure token service** – along with robust identity management, a secure token service provides the bedrock of connected car security, mitigating the security risks that attend intrinsically insecure in-vehicle service buses and the mobile devices that car owners increasingly use to engage with their vehicles. Centralizing the token service via a cloud-based integration hub provides the necessary scalability in a seamless and economical fashion.
- **Utilization of common business logic modules** – this is all about user convenience and engagement, allowing owners to avoid constant re-entry of data across their connected vehicle applications and making it easier for them to interact with their vehicles offline, which in turn helps drive utilization of connected car applications and services.

Conclusion: Reduced friction drives new and repeat purchases

Friction wears out consumers as surely as it wears out brakes and other auto parts. Customers expect a friction-free experience inside their connected vehicles, unfettered by PINs and passwords, and untroubled by security and data privacy worries. The expectation for a friction-free environment extends to the entire automotive ecosystem of manufacturers, dealers and service providers.

The automotive companies that serve the customer with the least amount of friction will have a clear competitive advantage. Leveraging an open and controlled cloud-based platform enables companies to grasp this kind of advantage in a consistent, scalable and far-reaching fashion, leading to new and repeat purchases based on consumer engagement and customer satisfaction.

For more information on reducing friction during the ownership experience, visit Covisint.com or contact us today.



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