

AUTOMOTIVE & MOBILITY IN BELGIUM: WHAT'S ON YOUR AGENDA?

A discussion with industry leaders

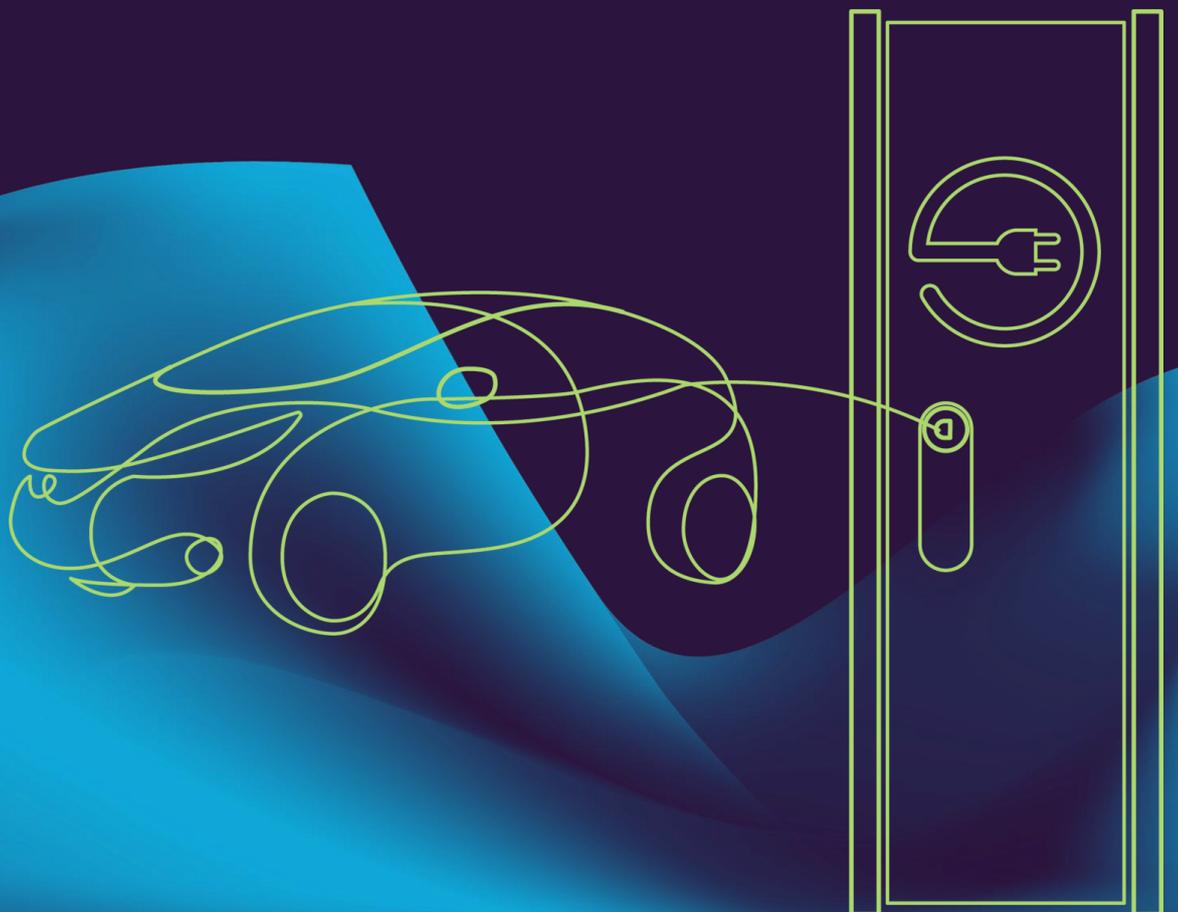


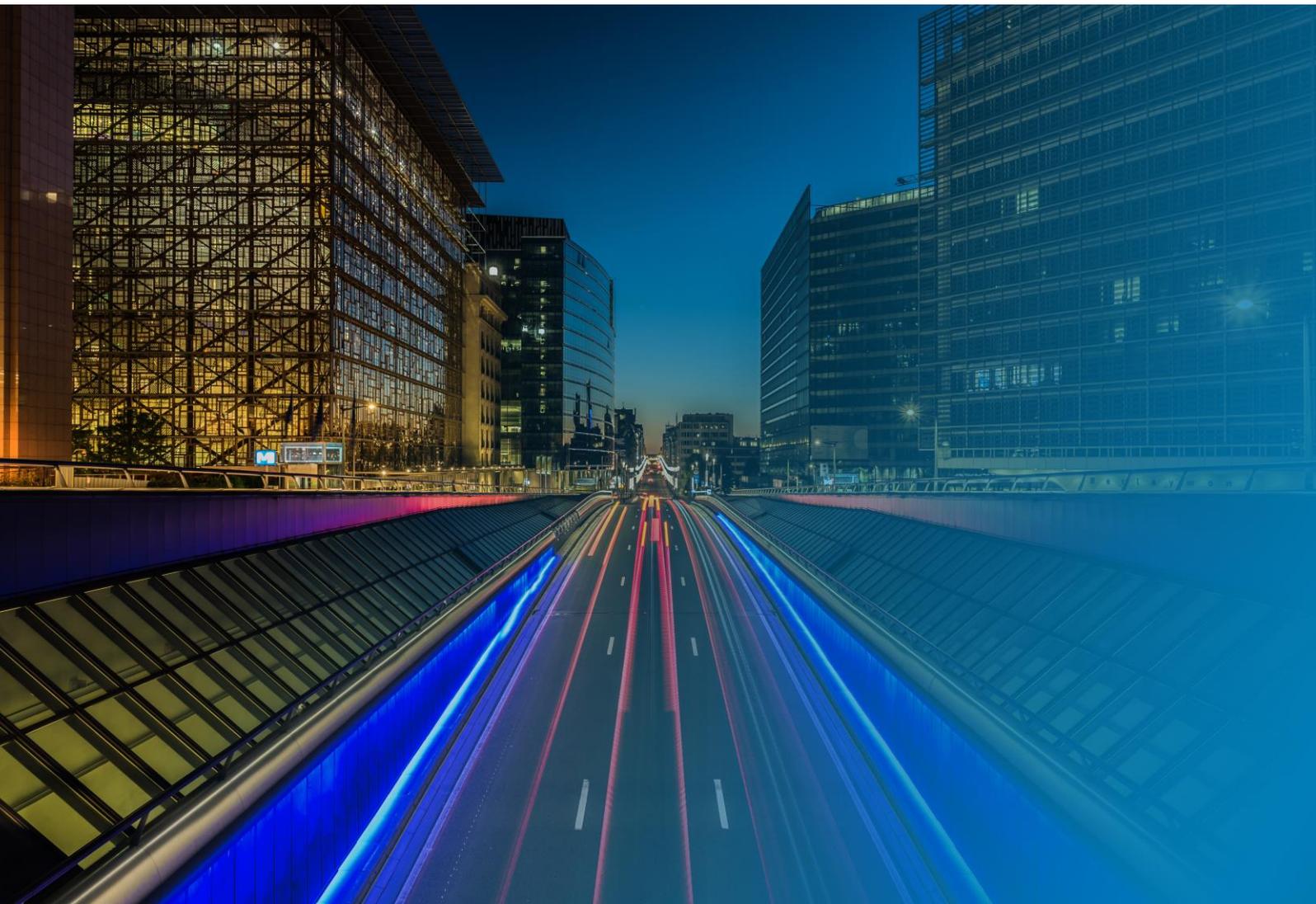


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INTRODUCTION





The automotive and mobility landscape in Belgium is at an inflection point. While popular attention is still focused on the car itself and its regulation, the entire mobility ecosystem is going through a transformation, bringing about a collision between fast movers and traditional actors.

Capgemini Invent has undertaken significant research, gathering real-life insights from the individuals who are shaping this market.

We surveyed public regulators, automotive manufacturers, importers and large car dealer groups, financial services providers, and innovative mobility solution entrepreneurs.

We wanted to understand from their perspective what is on their agenda: the challenges, opportunities and enablers that will bring forth the solutions needed.

We found that:

- **90%** of our interviewees **are convinced that the car will remain an integral part of a future** where multi-modal and integrated mobility solutions are the new status quo.
- **Experts agree on challenges** such as evolving consumer needs, pollution, congestion and regulation. However, because of **diverging priorities and strategies**, the Belgian market remains heavily fragmented.
- There is an urge for a profound **revolution in the governance** of the wider mobility ecosystem. Regulation must be **pro-active, flexible** and based on **incentives and consensus**.
- **80%** of the innovative mobility solutions providers that were interviewed **struggle to make money**, and **75%** of the automotive and leasing companies mentioned that the **end product they offer will also be a digital service**. New forms of **partnerships and co-investments** must be explored to enable healthy business models.

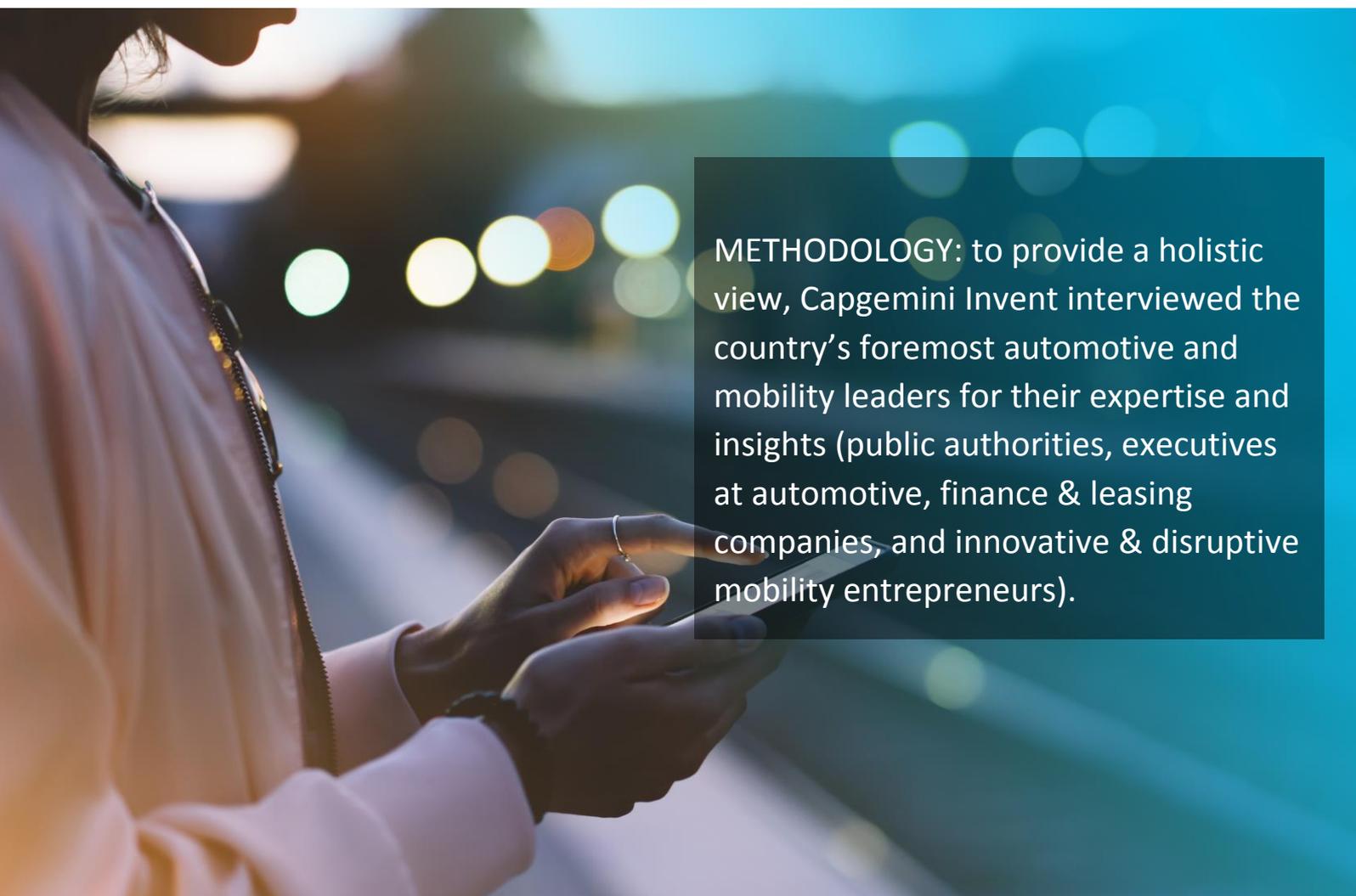
Data Strategies must be explored, and new talent pools need to be developed locally:

- **70%** of surveyed companies admit that they do not master their data.
- **80%** of respondents have difficulty recruiting the right profiles.

Regardless of their capabilities, **customer-centricity is key** to remain relevant in a world of changing consumer preferences:

- Incumbent and challenger mobility actors have uneven digital maturity levels.
- **75%** of the smart mobility companies interviewed mentioned that **the challenge is more about educating the customers** rather than competing with peers.
- Challengers must **capture the essence of local dynamics**. Belgium-specific characteristics, such as intense conurbation and cultural mix, are powerful levers to test new ideas and offerings.

Global technology and mobility giants are not waiting to act in Belgium and will eventually advance into the market. With a concerted strategy, a few Belgian champions can emerge and have enough power and legitimacy in the country and beyond its borders.



METHODOLOGY: to provide a holistic view, Capgemini Invent interviewed the country's foremost automotive and mobility leaders for their expertise and insights (public authorities, executives at automotive, finance & leasing companies, and innovative & disruptive mobility entrepreneurs).



GOVERNANCE REVOLUTION





Belgium is a fragmented market and the stakeholders have conflicting priorities and strategies

The automotive and mobility market in Belgium is heavily fragmented. The multitude of actors have different perspectives and priorities, resulting in an ecosystem where everyone is fighting to be the dominant solution-provider.

The market is segmented into incumbents (automotive and financial services companies) and challengers (mobility solutions providers, such as digital start-ups). A third overarching pillar is composed of the public institutions, which either regulate the ecosystem or are solution providers themselves.

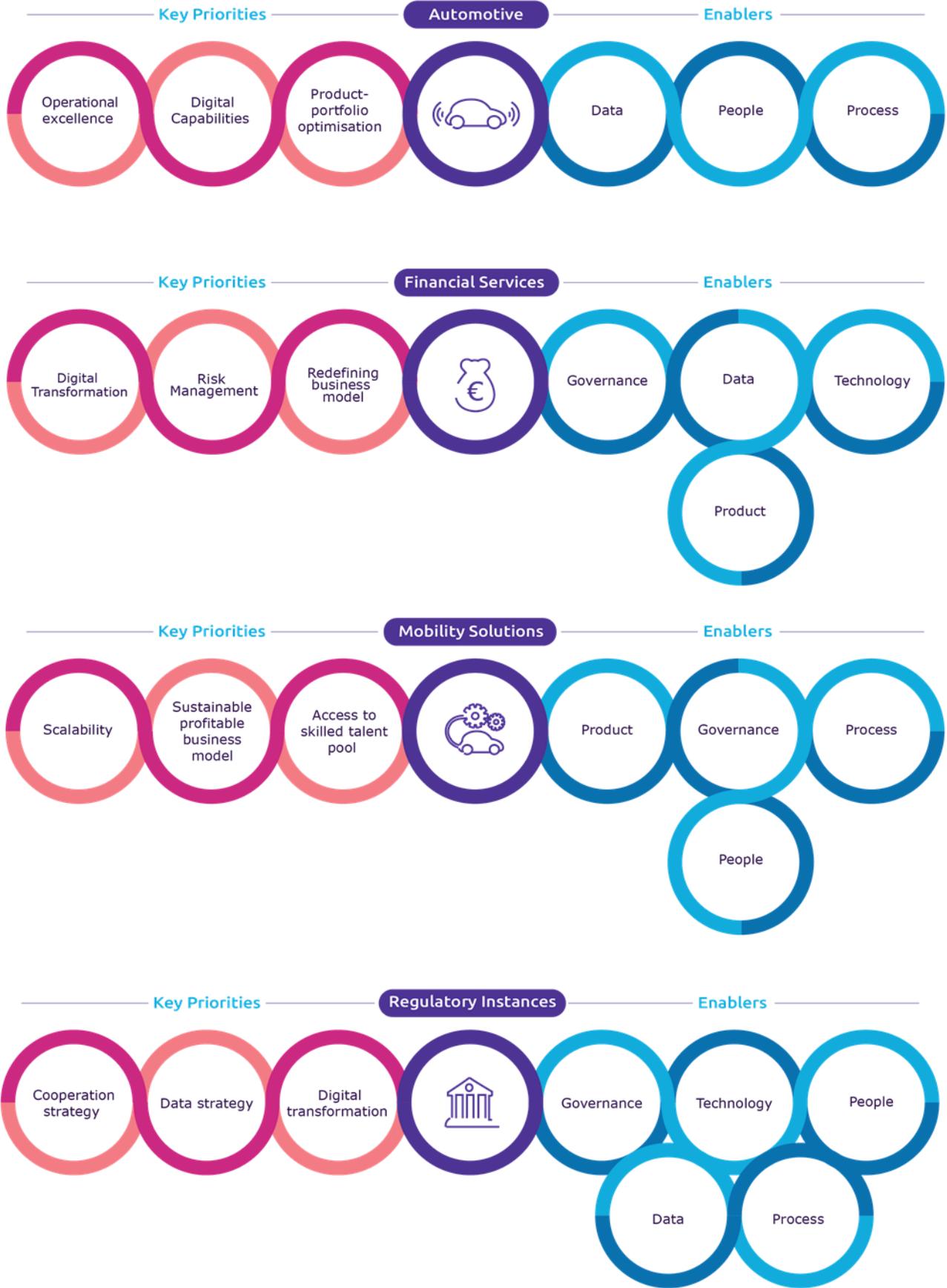
While there is a convergence of opinions about the main challenges, the priorities on their agenda vary greatly.

What's more, technological advancements are lowering barriers of entry and enabling the creation of completely new value propositions. Shared mobility, ride hailing, smart parking, as well as electric bikes and scooters, to name a few, are examples of value propositions which did

not exist a decade ago. This facilitates the emergence of new entrants, resulting in ever-increasing levels of competition, complexity and fragmentation.

We have asked the interviewees for their respective priorities for the coming 3-5 years, which are at times not only diverging, but in fact conflicting. The results, seen in Figure 1, deliver a holistic understanding of the challenges, opportunities and key enablers in Belgium's radically changing ecosystem.

Figure 1





The current regulation does not have enough alignment

A stable legislative framework is the foundation for automotive and mobility services providers to plan and market their products and services. In Belgium, there have been intensive discussions and attempts to adapt the regulatory landscape to the evolving mobility ecosystem. However, most of the interviewees expressed that **there is insufficient long-term alignment between the public and private sector**. An entrepreneur declared that unsuitable regulation often kills creativity and new business models.



“Even if the Belgian local and federal authorities are investing in infrastructure, it will take time to catch up with the most advanced countries.”

*Alexandre Moulin
Head of Marketing Communication & Connected Vehicle
at Renault Benelux*



This, in turn, slows down the creation of effective regulations. Election-driven solutions, with timeframes usually lasting until the next ballots, do not facilitate the decision-making process for the private organizations.

Our research shows that **new legislation is often outdated**. Examples that illustrate this are the unclear methodologies around the installation of EV charging stations, or the fact that charging points are not carefully foreseen in the current property studies. The market transformation is very rapid, and ever-accelerating. By the time new regulations come into effect, new developments have made them obsolete to a certain degree.



“True believers in sustainable mobility won't wait for regulations... We can already see new alternatives on the market.”

*Stefan Meers
Managing Director BeLux at EVBox*



Other than content, interviewees also agree that the way regulation impacts individuals needs to be adapted. Their perception is that new directives are usually focused on punishment, rather than proactively encouraging a certain behavior. For them, regulation that is based on incentives has higher chances of rapid adoption.

Legislation should be clear, proactive and flexible enough to adapt to an evolving landscape. It must be applicable to all current and new mobility users and providers.



“We need positive incentives to change behaviors instead of punishing and taxing people.”

*Olivier François
Manager Marketing and Business Development
at Alphabet Belgium*



Our interviewees have indicated beneficial effects of positive regulation on the adoption rate of emerging technologies. For example, positive regulation had very positive effects on the adoption of electric vehicles in Norway. In Belgium, an example often mentioned is the Mobility Budget initiative.

The automotive and mobility leaders are following closely what the changes in legislation could bring about. A long-term roadmap requires collaborative communication and diligent negotiations between public-private stakeholders.



With high impacts on mobility, the Belgian fiscality causes uncertainty

The fiscality is a much discussed and complex Belgian characteristic that has shaped the current state of mobility. There are more than 625 000 company cars on the Belgian roads (2017), as employee's cars are an important part of the compensation package.



"The only thing that is specific to Belgium is taxation."

Dirk Van Strijthem
Former CEO at KBC Autolease NV



For now, taxation drives people towards opting for a company car, but the volatility of fiscal rules regulating the cars is increasing the uncertainty of the consumer.

Both the automotive and leasing companies in Belgium mentioned that they feel the effects of uncertainty. A director at a leading automotive manufacturer mentioned

that customers did not know which kind of engine they should choose anymore.

Customers are hesitant to place new orders until uncertainty levels decrease. Because the legislation intended to stimulate the introduction and adoption of new and greener technologies in Belgium lacks alignment, clarity and long-term stability, it destabilizes the market and slows long-term planning for companies, who opt for certainty when projecting product offer vs. demand. This consequently reduces the speed at which innovative products gain market shares in Belgium.



"Another specific challenge for Belgium is to reduce consumer uncertainty."

Michel Martens
Director Research & Public Policy at FEBIAC



Innovative mobility solutions providers are struggling to find sustainable business models

Some of the key causes mentioned are high initial investment needs, intense competition and the fact that there are not yet dominant mobility solutions providers, that could create economies-of-scale (Figure2).

It isn't just disruptive mobility providers who are struggling, as public transportation companies face similar issues. However, they benefit from consistent incentives.

Megatrends such as changing customer needs, urbanization, the environment, regulatory landscape and emerging technologies are global forces which are also happening in Belgium and forcing traditional companies to rethink their business models and adapt.



"The leasing companies and their customers will evolve away from being asset-centered towards being service-centered."

Frank Van Gool
Director General at Renta



Belgian employers are demonstrating increased interest in lowering their CO₂ footprint, offering their employees the option to replace their car for another mode of transportation as part of a wider mobility compensation model. This new demand has a direct impact on the



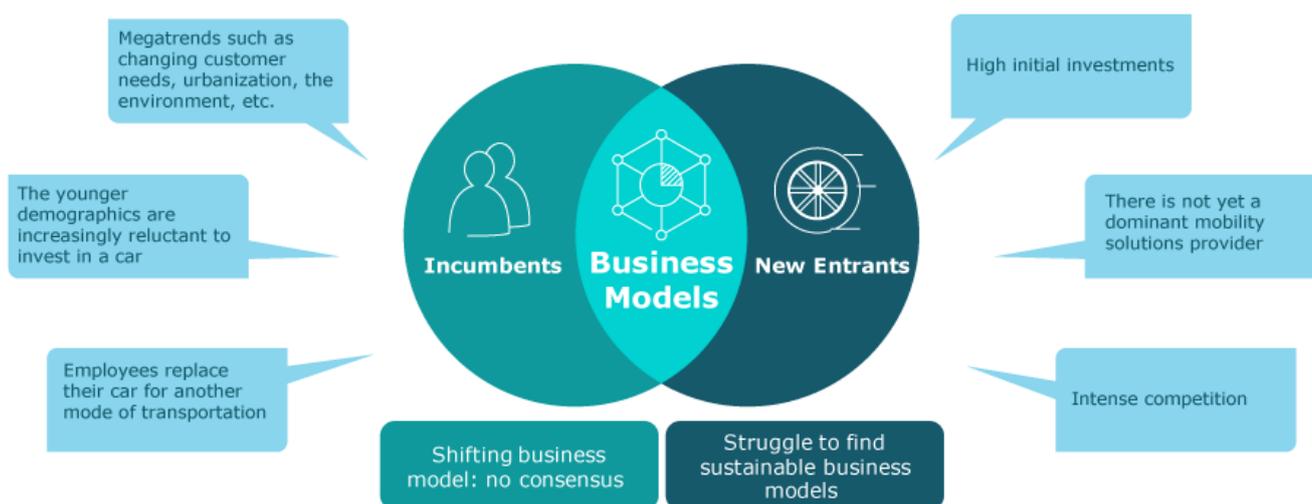
product portfolio offer of automotive and leasing companies.

Experts also indicated that the younger demographics are increasingly reluctant to invest in a car. This increases the appeal for subscription-based solutions which do not require large financial commitments.

75% of the automotive and leasing companies surveyed are convinced that the end product they offer will no longer exclusively be a physical product, but also a digital service.

The incumbent companies agree that the right product, be it a car, a service, a combination of both or even another option altogether, is a basic requirement for success. However, there is no consensus on what the future might look like and who will be the dominant players.

Figure 2



All actors strongly call for a profound governance revolution

All Belgian leaders interviewed, without exception, **are aware of the current and future challenges.**

However, their priorities and focus diverge, even if they share common points of view on the future of mobility in Belgium.

In the public sphere, there is a growing awareness of the policies that need to be implemented and the implications they will have on society.

In the private sector, the challenges are different. Incumbents want to defend their dominant position and to do so they must continue delivering the value that has made them market leaders. Challengers are emerging due to their capacity to capture new trends and new consumer needs very rapidly, but they struggle to find sustainable business models.



“In order to be efficient, we must re-invent a new governance.”

Christophe Leurident
Chef de Cabinet Adjoint
at Federal Ministry of Mobility and Transport



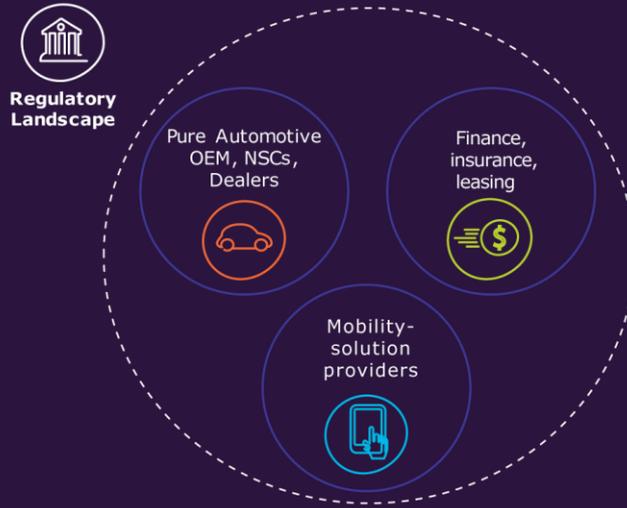
Regardless of which battle they are fighting, a common trend identified in our research is that private and public actors must be aligned to reach a shared vision. This shared vision will enable them to further leverage their strengths in a beneficial way for themselves and society.

If there is a consistent and holistic approach to mobility, where all stakeholders are heard and are part of the same solution, the speed of change in Belgium will accelerate, as is indicated in Figure 3.



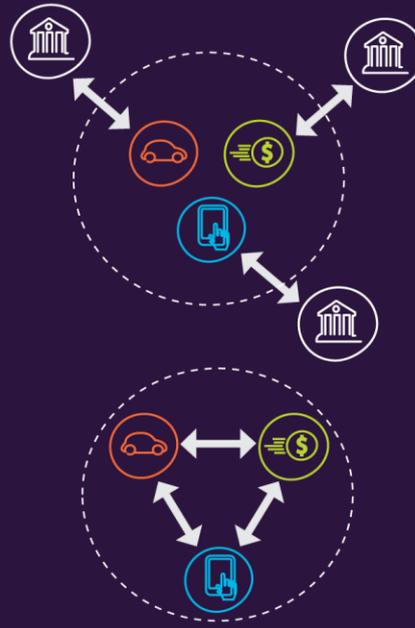
Step 1

As is today



Step 2

A transition phase where private stakeholders align between themselves



Step 3

A reformulated governance system where the public regulators are peer to the private actors





CROSS-SECTOR PARTNERSHIPS AND CO-INVESTMENTS MUST BE EXPLORED





Automobiles will remain an integral part of a future where multi-modal and integrated mobility solutions are the new status quo

In Belgium, the car is progressively losing its place as the dominant mobility product, especially in city centers. However, our research shows that despite the intense debates about its role in the future, manufacturer brands, leasing providers and the car will remain a vital part of the mobility ecosystem in Belgium (as drawn up in Figure 4).

During this transformative course, the car will be used in new ways. It will be combined with other modes of transport and be embraced as part of the multi-modal transport ecosystem.

90% of our interviewees are convinced that the car will remain an integral part of a MaaS ecosystem.

In a longer timeframe (not less than 10 years from now), this trend will evolve towards the adoption of autonomous driving. Once technology and regulation are in place, our research shows that autonomous vehicles will act as a bridge between public and private transport, that will benefit a larger proportion of the Belgian population, such as commuters, to whom a car is highly valued.



“We need to break silos between private and public sectors to have an efficient MaaS solution.”

Christophe Leurident
Chef de Cabinet Adjoint
at Federal Ministry of Mobility and Transport



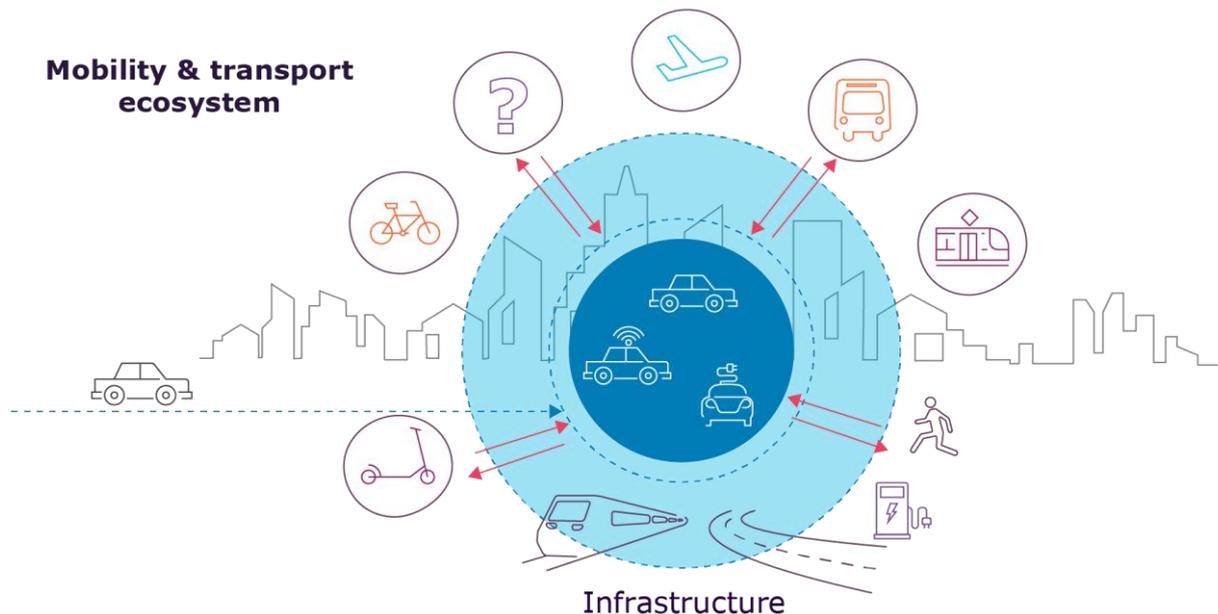
“I strongly believe in the autonomous solution for mobility in Belgium, which necessarily implies connectivity and regulatory environment. Why? Because it combines the best of the world of public and private transport.”

Denis Gorteman
CEO at D’Ieteren Auto



There is an agreement among interviewees that the adoption of green cars in Belgium will intensify in the next 3 years and all stakeholders are taking measures towards it.

Figure 4





Cooperate or collapse: forging sustainable business models

80% of the interviewed innovative mobility solutions providers are struggling to make money in Belgium.

In this new ecosystem, partnerships and cross-industry alliances will be necessary and will need to be explored.

The decision-making process needs to be completely rebuilt to allow for a flatter hand-to-hand public-private collaboration, as well as between big-small organizations.



“Tomorrow's key is intermodality. It cannot be either public actors or private ones, it should be a collaboration between both parties.”

Sébastien Curnel
CEO at JoynJoyn



We already see partnerships arising that were unheard of just a few years ago.

On a global scale, historical competitors such as leading automotive manufacturers are cooperating to face new industry challengers. In February 2019, the BMW Group and Daimler AG announced that they are pooling their mobility services to create a new global player providing sustainable urban mobility for customers, a cooperation that comprises five joint ventures.

These types of trends are emerging in Belgium too, with creative partnerships being forged specifically for MaaS platforms.

In Belgium, 137 projects applied for the Smart Mobility Call promoted by the Federal Government in 2018. The Ministry of Mobility has already invested in private

innovative mobility solutions like Pikaway of Lab-Box and the partnership between Olympus and KBC Bank.



“MaaS: a one stop shop application for everything related to mobility.”

Julien Vandichel
Sales and Business Development Manager
at DriveNow Belgium



New dialogues imply collective investments too. The players who move faster and more consistently in this direction have the best chances to create new value propositions and gain scale and will be key drivers for profitable businesses.

Public authorities need to become peer-mobility actors too. Automotive companies, financial services providers and mobility providers (both traditional and innovative) are required at the discussion table.



“It is necessary to invent business models which create value.”

Sébastien Curnel
CEO at JoynJoyn





PUBLIC AND PRIVATE ORGANIZATIONS NEED TO ENGAGE THEIR TRANSFORMATION





Uneven digital maturity levels demand focus on people and new digital capabilities

Incumbent companies have robust business models but are not digital masters. The evolving Belgian market in which they operate requires, a transformation of the organization, which enables deeper digital mastery.

The most important assets to achieve this transformation are the people within organizations. Skilled and reskilled employees are the drivers of change in order to stay competitive.



“People are really our first challenge. We need new skills that are not traditionally part of the automotive world.”

Denis Gorteman
CEO at D'leteren Auto



When we talked about people and workforce with our interviewees, they indicated that their roles are changing. Take one of the most iconic roles of the industry, the sales and account manager. According to several of our respondents, this role is being transformed from a transactional-based role into a consultative one.



“Today, the customer expects us to be consultants instead of account managers.”

Marc Vandenberg
Director Sales and Marketing at Alphabet Belgium



Combining the right skills with the appropriate technology will allow companies to continuously deliver value to consumers, even at a time of changing requirements. In general, automotive manufacturers expressed the need to

recruit people with curiosity for new mobility, a certain entrepreneurial mindset and client responsiveness.

80% of respondents have difficulty recruiting the right profiles.

Being digitally savvy is now the norm, not a differentiator. This is needed in all functional areas. Car technician, marketer, product developer or management, all require new digital capabilities. This is exacerbated not only by product and technology advancements, but also by the growing digital mastery of the ordinary customer.



“Talent recruitment is the most difficult point for us. In France, they have large digital schools, la French Tech or an important community of entrepreneurs... Belgium does not have this scale for now.”

Michael Grandfils
Managing Director at Lab-Box



In our research we have identified that the road towards digital mastery is proving arduous in Belgium. First, it is not easily applicable to everyone, as some employees are more reluctant to change than others. Second, and most importantly, there hasn't yet been a comprehensive and concerted strategy to develop the local talent pool.



“Finding financial resources is easier than finding the right expertise.”

Koen Van de Putte
Managing Director at Olympus Mobility





As a key enabler, data needs to be open and shared, but protected

It is now common knowledge that data is the new oil, and most of the leaders interviewed consider it as a critical business lever. However, many of them do not master it.

70% of companies surveyed admit that they do not master their data.

All the interviewees agree that understanding the customer is a basic requirement for client centricity. This entails being able to deliver a tailored, effective, and profitable product or service.

The client, as we now know him, is continuously connected, and provides a plethora of data sources which can support the creation of new value propositions and product offerings.

However, seamless consumer experiences are still rare, because data is fragmented and kept in silos by stakeholders.

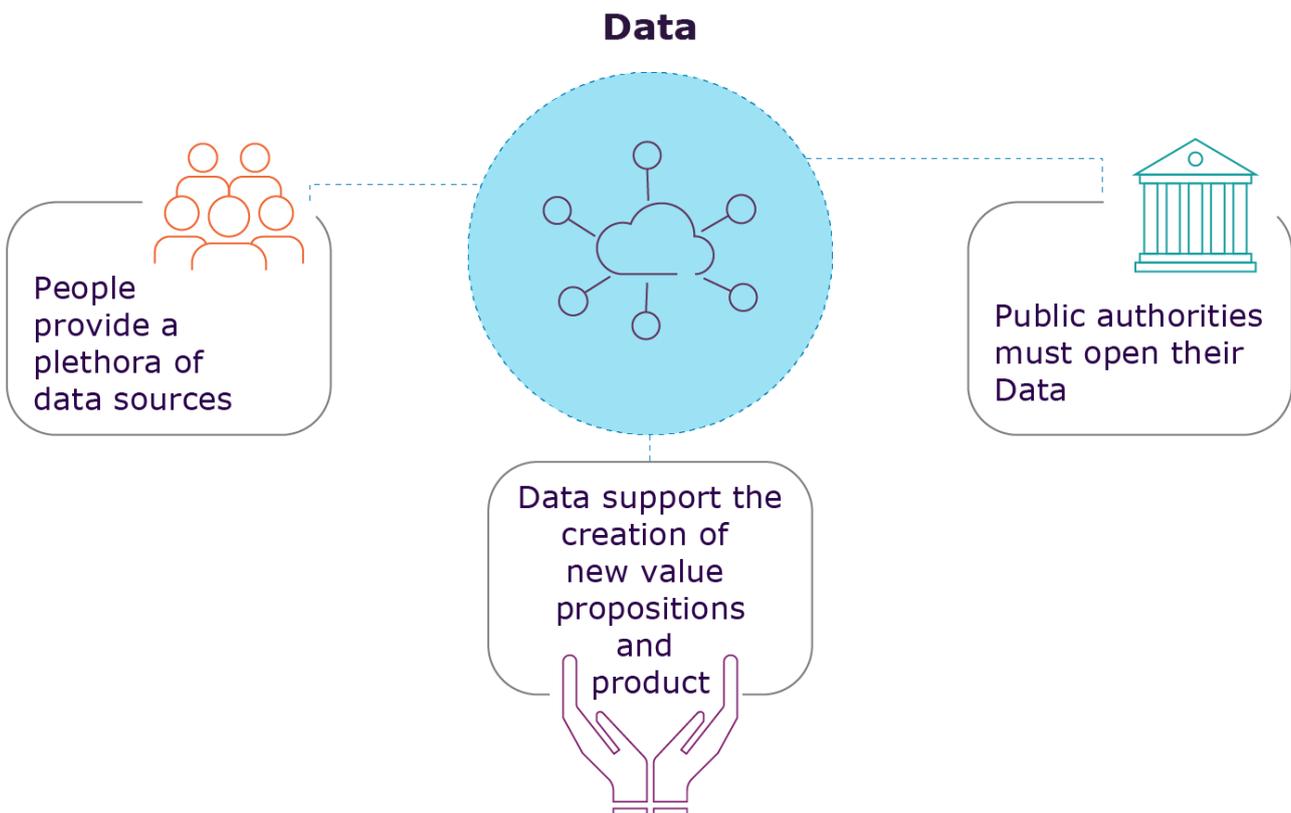
If there was a comprehensive and well thought Belgian data strategy, the private initiative and public entities

could collaborate, delivering seamless experiences for the end user and ultimately improving the overall condition of mobility in the country (see Figure 5). Two-way data insight sharing can help building the “park and ride” infrastructures within the cities. Some of the mobility solution providers, such as Lab-Box, have already started to cooperate with public bodies, proactively sharing data.

“
“A collaborative data strategy is the key to succeed.”
Christophe Leurident
Chef de Cabinet Adjoint
at Federal Ministry of Mobility
 ”

There is a real opportunity here to leverage on the existing data, in order to create a win-win situation with private and public partnerships.

Figure 5





Customer centricity is critical to stay future-proof in automotive and mobility

A topic that hasn't bypassed anyone is customer centricity. An organization that is truly customer centric understands the unique situations, problems and expectations of their customers. This kind of organization consistently works towards delivering products and services that meet those expectations – creating solid customer experiences.



"You're not managing an investment over 4 years anymore but the customer's lifetime value."

*CEO
at Leading leasing provider*



To fundamentally improve the customer experience, customer centricity must run in the veins of the organization, who must systematically act to put their customers at the heart. A real understanding of the impact and influence that customers have on their business, as well as a mindset and willingness to actively address and work on customer centric initiatives are needed more than ever.

Most of the organizations we interviewed take it seriously enough and are taking steps towards structuring their whole way of working – their operating model – around their customers (Figure 6).



"It used to be companies deciding on who they would work with, now with the mobility budget there is a shift from the company to the driver as decision maker."

*Director
at Leading Automotive Manufacturer*



Generational differences are one of the reasons for the shift of the consumer mindset. According to our research, Millennials and Generation Z do not have the same attachment to the car as previous generations do.



"The younger generations clearly have a different perspective on mobility and are much more open to change their behavior."

*Olivier François
Manager Marketing & Business Development
at Alphabet Belgium*



For the younger Belgians, the car is a mode of transport that can be easily replaced with other forms.

Between 2010 and 2018, driver-licenses granted in Belgium decreased by more than 15%.

They are very cost-sensitive and because of their awareness of alternative modes of transportation, do not feel the need to stay loyal to just one brand, product or transportation mode.

On the other hand, older generations rather see the car as a personal object of freedom and are loyal to automotive brands. For them, the car as a product is extremely valuable.



"We want to overcome the hurdle that makes it very difficult for the user to switch from one mode to another one in their journey."

*Denis Gorteman
CEO at D'leteren Auto*



75% of the smart mobility companies interviewed mentioned that the challenge is more about educating the customers rather than competing with peers.

Building awareness around new possibilities is a challenge with this demographic and convincing them of leaving the car behind to favor alternative modes of transportation is met with reluctance.



“Education is key! The biggest challenge is the Belgian mindset. It's teaching people on the availability of mobility services and how to use them.”

Julien Vandichel

*Sales and Business Development Manager
at DriveNow Belgium*



The challenge of capturing value with younger and older generations lies in customer centricity. It must deliver a compelling and engaging omni-channel experience by designing connected customer journeys, as well as extraordinary customer experiences across channels and touchpoints. But it's also about technology, connecting user frontends, customer data and back-end solutions, and linking the business processes orchestrating customer interactions with the enterprise.

Figure 6





Belgium has ideal conditions to be leading the automotive and mobility revolution which is on the move

The Belgian market contains a set of characteristics that could place it in the leading position of the automotive and mobility transformation. It is geographically compact, mainly urban and with high population density due to conurbation.



“Belgium is a really interesting country to experiment new solutions (because of its moderate size and high density of population).”

Alexandre Moulin

Head of Marketing Communication & Connected Vehicle at Renault Benelux



If looked at from the right angle, cultural traits – usually perceived as a barrier for faster development – can in fact present opportunities for innovative ideas, which can gather scale beyond its borders.



“Belgium is a cultural mix between Latin and Germanic cultures, with many expatriates in Brussels on top. It is therefore a favorable environment for experimentation.”

Michael Grandfils

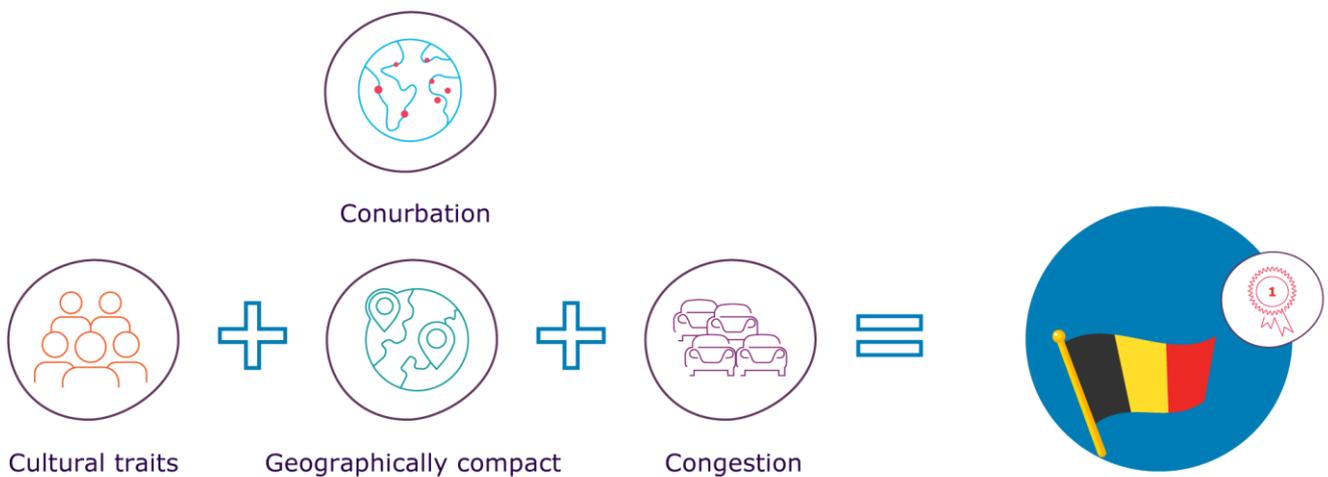
Managing Director at Lab-Box



The local car-centric infrastructure and mindset, as well as its diverse cultures, prove a challenging testing ground for new offerings (Figure 6).

Global technology and mobility giants are not waiting to act in Belgium and will eventually advance into the market. With a concerted strategy, a few Belgian champions can emerge and have enough power and legitimacy in the country and beyond its borders.

Figure 6





APPENDIX

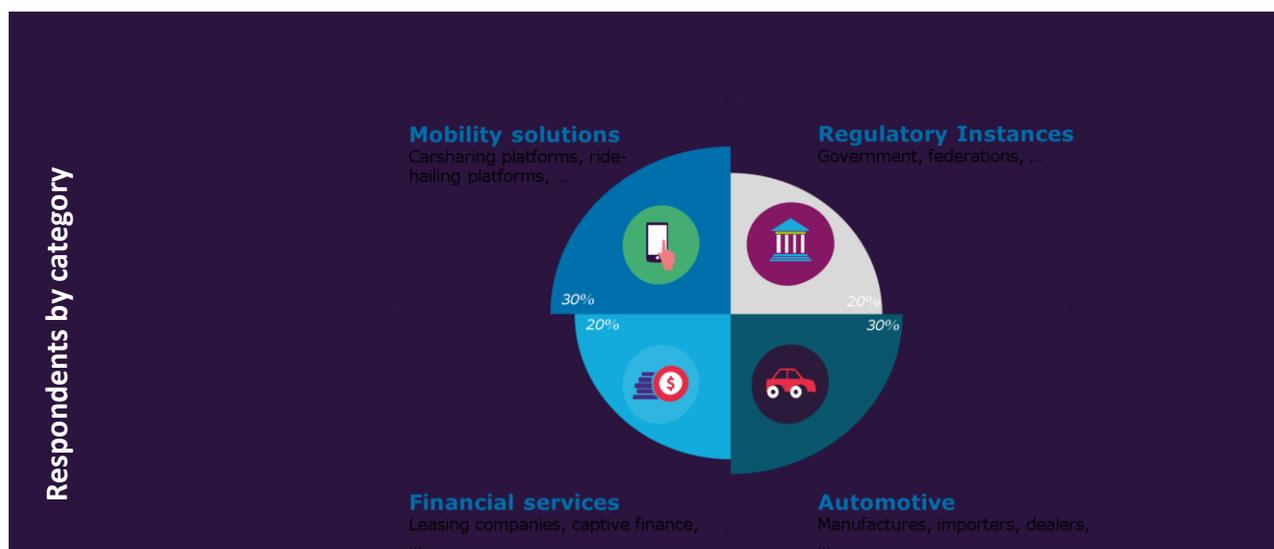
Research methodology

We conducted in-depth interviews with public authorities and executives at Belgian automotive and mobility companies. All interviews were face-to-face.

The questions were specific to the Belgian market and from the perspective of their organizations.

They revolved around:

- What are your challenges?
- What are the opportunities you see?
- What is your organization already doing about them?
- What are your priorities for the next 3-5 years?





Capgemini Invent propositions to address automotive and mobility challenges

Capgemini's **Smart Mobility Connect** is a series of custom Automotive offers. It empowers clients to digitalize their core business and customer-facing channels (connected customer), to monetize new growth potential (connected services and products), expand the profit pool with new partnerships (connected ecosystem) and transform to a customer-centric business.

Special thanks

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Frank Van Gool, General Director, Renta (Belgian Vehicle leasing & Rental Association)
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