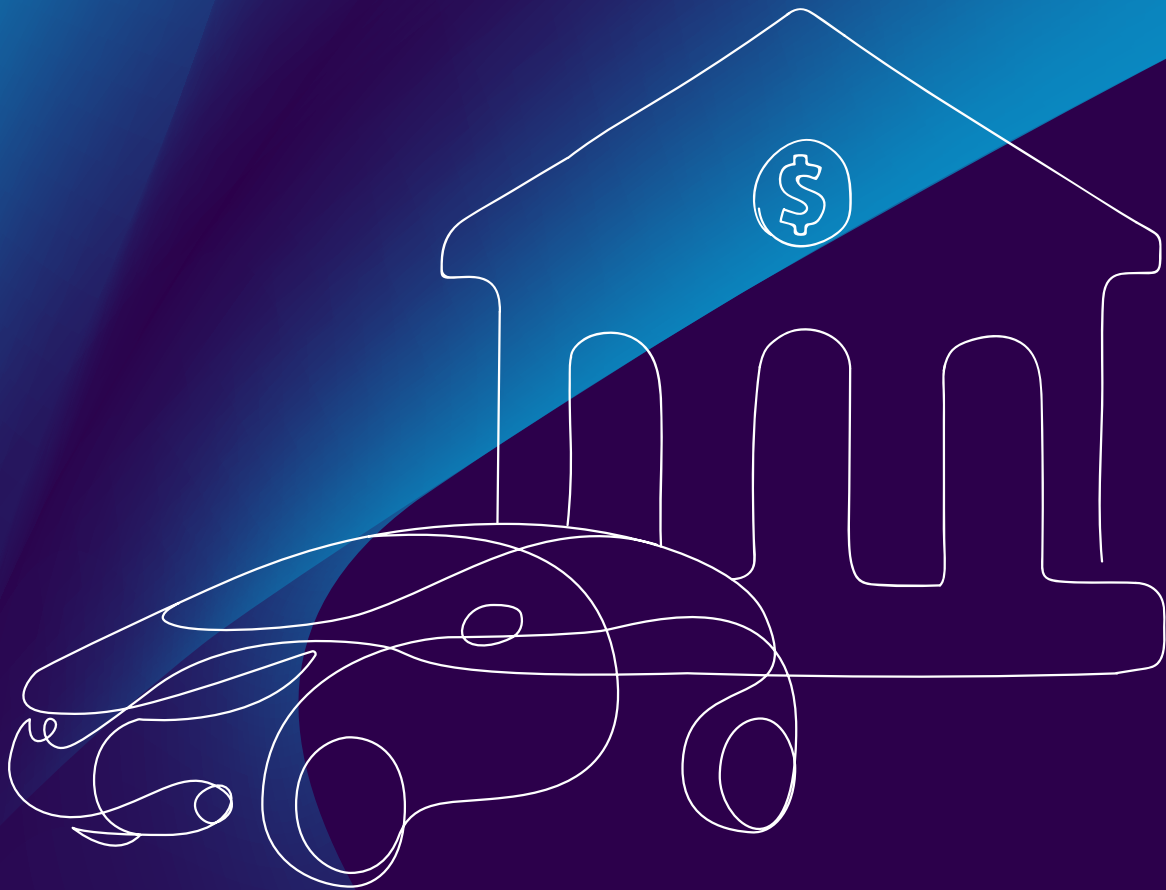


FROM FINANCIAL SERVICES PROVIDER TO MOBILITY POWERHOUSE

A POINT OF VIEW ON
HOW CAPTIVES CAN STRENGTHEN THEIR
MARKET POSITION BY 2030



PRELUDE

Changing customer demands and new competitors disrupt the Captive Finance and Mobility Service business heavily.

FLEXIBLE MOBILITY ENABLEMENT ALONG WITH NEW MOBILITY SERVICES AS WELL AS PLATFORM BUSINESS ARE KEY LEVERS FOR FUTURE SALES PERFORMANCE.

This point of view provides insights on how Captives can leverage the latest disruptions to their advantage to remain relevant by 2030 and why business model transformation is key to meeting customer expectations in a digitized world.

We bring our industry insight and multi-disciplinary expertise to support Captives on their transformation journey.



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DISRUPTIVE TRENDS AND CHANGING CUSTOMER NEEDS

The traditional business model of Captives will face forces of disruption. In particular, each of the following six trends will have a significant impact.



Captives recorded **double digit growth** in the past years and are the **most profitable** companies in the banking sector. The financial subsidiaries of the automotive brands are the **profit drivers for their parent companies**. Yet, **disruptive trends** put them under pressure and raise the question of whether Captives' traditional business model is still viable in the future.¹

01 Urbanization & Sustainability

According to the United Nations, global population is projected to increase to around 8.5 billion by 2030, more than 60% of whom will live in urban areas.² Urbanization leads to increased traffic; hence city dwellers and commuters' urge for fast and reliable ways of mobility. Over the last two years, there has been 20% compound annual growth in car-sharing members in Germany (compare figure 1), which can be attributed to urbanization.³

Moreover, urbanization forces cities to provide ecological travel alternatives to reduce carbon emissions according to legal constraints. Also among consumers a significant trend towards ecological behavior can be recognized.⁴

02 Connected Services

The introduction of 5G will be the foundation for realizing the whole potential of Internet of Things⁵ – 5G combined with an integrated telematics interface will accelerate the development of connected services and related revenue structures.

Flat-rate fees for vehicles could then cover the costs of automotive mobility as well as the use of entertainment services, for instance.

In this scenario, minute-accurate real-time billing for driver-specific insurances is also conceivable.

03 Autonomous Driving

Worldwide up to 15% of new cars sold in 2030 could be fully autonomous when the technological and regulatory issues have been solved.⁶ As soon as autonomous driving reaches its final level of maturity, the potential pool of users for the same car will be close to infinite. As a result, vehicle users and vehicle owners will be no longer identical.

The technology will improve the customer experience of mobility services significantly as autonomous cars can be easier coordinated and provide door-to-door journeys. Through connected services and AI, autonomous cars may be able to transport customers with low lead times and provide faster trips from A to B in real time.

¹ *Automobilwoche.de, Autobanken mit Rekordergebnis, 2019*

² *UN, Department of Economic and Social Affairs, Population Division – World Urbanization Prospects 2018, 2018*

³ *Statista: Carsharing Users in Germany between 2008 and 2019, 2019*

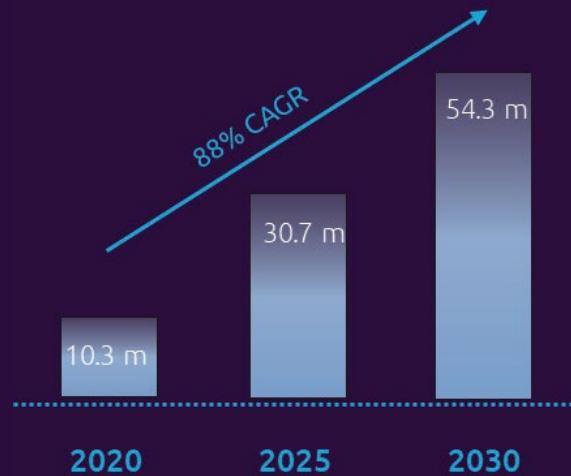
⁴ *Business News Daily: Most Consumers Want Sustainable Products and Packaging, 2019*

⁵ *Ericsson.com, 5G and IoT: Ushering in a new era, 2019*

⁶ *McKinsey, Automotive revolution - perspective towards 2030, 2016*

Figure 1: Number of newly registered electric vehicles and plug-in hybrids worldwide

Source: Statista 2019



VEHICLE USAGE

Driven by health and safety concerns resulting from COVID-19, customers are veering towards individual mobility⁹

04 New Distribution Models

Customers' preferences for a seamless online and offline experience as well as the desire of companies to obtain a 360° view of their customers are resulting in new distribution models like direct sales. In order to not exclude dealers from the business, agency models⁷ are emerging – especially in the battery electric vehicle sector.

It becomes obvious that separated customer journeys are no longer conceivable, but must be integrated to strengthen the future market positions of all parties – OEM, Captive and Dealer. To survive, all three parties must take up on new roles and collaborate more closely.

05 Electric Mobility

In 2018, the number of electric vehicles globally rose by approximately 64%.⁸ For 2030 the compound annual growth rate is forecasted to increase up to 88% (compare figure 1).

New uncertainties like the provision of charging infrastructure or the sales of used electric cars will arise from that trend. Especially electric used car business bears a lot of uncertainties due to missing benchmarks.

In addition, subscription models become particularly popular in the field of electric mobility as many customers are still uncertain about owning an electric vehicle (compare Capgemini Car Subscription Survey).⁹

06 Flexible Mobility Enablement

In recent years, many consumers started to enjoy services that enable flexible access to assets, providing a real alternative to ownership.

New ways of car usage which rival traditional car ownership are emerging. Car subscriptions, flexible contracts and special offers are all highly customer centric and fixing customer pain points.¹⁰

As technological advancement, on-demand solutions and tailored experiences became available to customers, they come to value the convenience of flexibility and low responsibility they offer.

⁷Automobilwoche, Agenturmodell im Autohandel, 2020

⁸Statista: Number of existing electric vehicles worldwide, 2019

⁹Capgemini Car Subscription Survey, 2019

¹⁰Capgemini Research Institute, Consumer Behavior Survey, 04/2020

Generation Z will shape the future of mobility. Now is the time to learn more about its needs to meet the expectations.

Generation Z sets the course for the future

As addressed in the previous chapter the traditional customer journey is blurring, which is attributed to Generation Z (or Gen Z), who were born between 1995 and 2015. Even though, people of this generation are propagated to be bicycle riders and public transportation commuters, a large portion of this generation is keen to get behind the wheel just as much as their parents and grand parents.¹¹ Especially as through the pandemic COVID-19 the need for individual mobility increased.

Generation Z has a significant preference for living in urban areas and its preferences differ a lot to older generations (Gen X, born between 1965 and 1979, and the Baby Boomers, born between 1944 and 1964) – while older cohorts favor the ownership of luxury cars, Gen Z instead prefers a flexible mobility enablement.¹²

Generation Z wants to stay in control

Gen Z is reaching the threshold of its prime spending years and has high demands when it comes to the usage of product and services – simplicity, flexibility, transparency and on-demand availability is key to them.¹³ People of that generation prefer staying in control of their expenses which is why complex products like car financing or insurances are becoming less attractive to them.

As of today, very successful comparison platforms like Check24 excel in fulfilling these needs in presenting a wide range of products while providing the best prices and direct comparison between providers in real-time. Future younger generations will expect the same standards when it comes to mobility – and car subscription is the first step towards it.

Generation Z wants to stay connected

Generation Z, who grew up in a hyper-connected world, attaches great importance to connectivity.¹⁴

Generation Z wants to be heard and to exchange its views and opinions with both its peers and companies. Channels which enable customer-to-customer communication like ratings & comments are highly valued product features.

Furthermore, a direct communication channel to the company, which is quick and easy to use, gives customers the feeling that their opinion matters. Moreover, it provides companies with prompt feedback that can be used to customize their offerings to fit its customer needs.¹⁵

Gen Z will prefer a complete digital experience with access to all products and services via one digital platform of choice (compare figure 2).

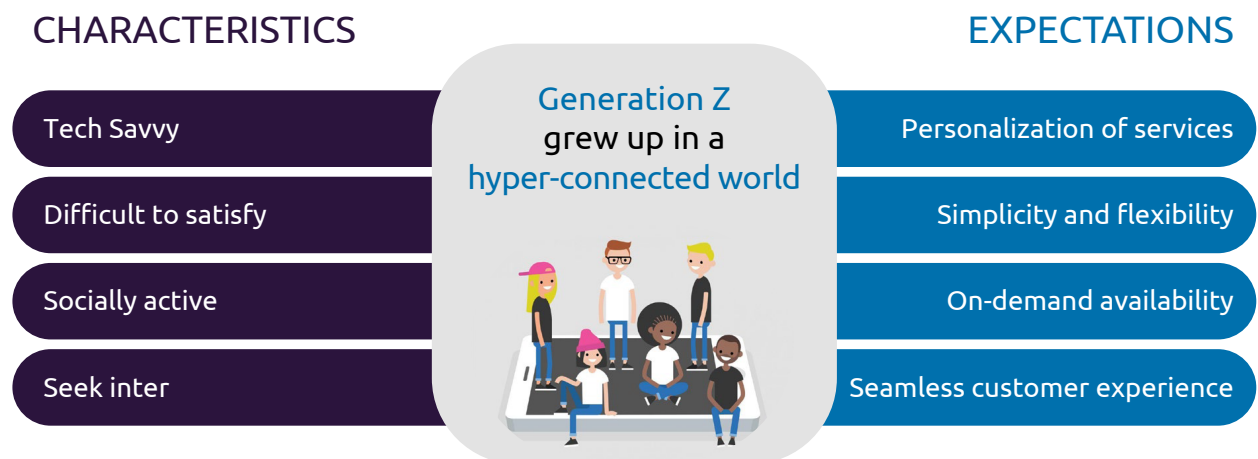


Figure 2: Post-millennial profile: Generation Z; Source: Capgemini Financial Services Analysis, 2019

¹¹ Transunion, *Millennial Credit Study*, 2017

¹² Capgemini Research Institute, *Consumer Behavior Survey*, 04/2020

¹³ Entrepreneur Europe, *3 Tips to Keep Millennials Engaged*, 2019

¹⁴ Kasasa.com; *Boomers, Gen X, Gen Y, and Gen Z explained*, 2019

¹⁵ Lyfe Marketing, *The Solution to Connecting with Marketing to Millennials*, 2019

Personalization is key to reach Gen Z

Younger generations expect personalized experiences tailored to their needs. As their needs are constantly changing, they expect products to change with them. They want to be treated individually with their specific preferences addressed.

A crucial component when delivering personalized experience is guiding customers through all phases of a user journey. Treating each member of the younger generations as a unique individuals and providing outstanding user experience to them, will encourage them to return.¹⁶

Nike, Levi's and other retail companies are forerunners when it comes to providing individualized customization programs through their web site. Customers can alter mass products to match their personal aspirations. Such customization programs help millennials to express their individuality and set themselves apart from others.¹⁷

Data security builds loyalty with Gen Z

Comparison platforms, personalization tools as well as customer product reviews all require personal customer data. The collection of personalized data can be a potential pitfall as 65% of respondents would stop using a brand that was dishonest about how it was using their data.¹⁸

Furthermore, 49% of respondents would not engage with a service or application that experienced a recent data breach.¹⁹

Implications of trends and customer needs, as well as key areas in which Captives must take action

- Urbanization as well as customers' need for **simplicity, convenience** and **flexibility** pushes Captives to include alternative offerings like car subscription or car sharing into their business model in order to **not lose the customer touchpoint**.
- Due to electric mobility, Captives may find it increasingly **difficult** to **forecast** accurate **residual values** for their fleet, which poses a risk to their asset-based business model. Hence, recycling and **second life business models** are going to become lucrative market segments.
- Captives need to **utilize collected customer data** more efficiently. It will provide them with **new** value propositions, **business models** and help them innovate. Yet, **data safety** must remain a **priority** to build trust and loyalty with customers.
- **Intuitive mobility** is the future – combining car connectivity, new shared services as well as autonomous driving will fascinate customers.
- Captives need to focus on **brand equity**, when providing direct-to-consumer products in the future. **Trust, customer satisfaction**, and sustainability are important metrics consumers use to make **purchasing decisions**.
- **Customers** are **better informed** and more sophisticated **than ever** and will set the pace for mobility. They will choose products and services by criteria (like personalization), which Captives are not competing with yet, but need to focus on in order to survive.
- The traditional customer journey will vanish – instead **unlimited door-to-door user journeys** per service from **one single platform** will unfold. **Fit-for-purpose mobility solutions** is an interesting area for Captives to extend their product portfolio to.

*“By 2030 it will be important more than ever to **anticipate customer needs** and approach them **individually**.”*

¹⁶ Samsung, Case Study: Connecting With Millennials Through Personalization, 2017

¹⁷ FinancesOnline, Understanding The Rise of Personalized Products Ecommerce, 2020

¹⁸ Acquia, Data privacy survey, 2019

¹⁹ techrepublic.com, Consumer are more concerned with data privacy in 2018, 2018

The background image features a woman in a blue business suit with her right hand raised, palm facing forward. Overlaid on this image are various financial and technological graphics. In the upper left, there is a bar chart with values ranging from 6% to 18%. In the upper right, there is a line graph with values ranging from 24% to 62%. In the lower right, there is a pie chart with a value of 51%. In the lower left, there is a network diagram with nodes and connecting lines. The overall color scheme is a mix of blue, purple, and white.

“Captives cautiously are taking first steps in adapting to new market developments.”

BUILDING FUTURE CAPABILITIES

Captives started building the required capabilities towards becoming a mobility powerhouse – still they hesitate to take a pioneering role.

Weekly news of intentions to partner, new mobility concepts to serve customers' demand or start-ups that already left the market again, create the impression that there is a green field in the industry where providers are still in an enthusiastic testing phase, being motivated by failing fast rather than missing the trend. Between 2014 and 2019, the investment volume into mobility services was sevenfold higher than between 2010 and 2013.²⁰

Captives started extending their product and service portfolio within various market segments, entering cooperations with peers or investing in start-ups. Still the amount of third-party players within the mobility start-up landscape is much larger than that of Captives and their OEMs (compare figure 3). Especially, in Germany investments into mobility are reasonably low compared to the United States, China or Israel.²¹

MARKET SEGMENTS

- Subscription
- Micro-Mobility
- Payment
- Car Sharing
- Ride-Hailing
- Parking & Charging
- Other services



Amount of OEM/Captive providers



Amount of third-party players

Figure 3: Sample selection of mobility companies that Captives, OEMs or third parties either invested in or created



The **amount of third-party players** within the mobility start-up landscape **exceeds** that of Captives and their OEMs.²¹

²⁰ Statista, Annual average worldwide investments in mobility start-ups, 2019

²¹ Automotive World, US leads global investment in mobility start-ups, 2019

Developments in start-up investments

Captives are already acquiring interesting start-ups or entering into cooperations. These steps open new possibilities: Toyota Financial Services, for instance, invested in Faxi, which enable them to establish a Toyota-branded, real-time carpooling platform. Such investments make Captives' main business – being the fleet and data manager for their OEMs – redundant.

Moreover, there are no limits to partnerships anymore when it comes to potential investment areas: With the Share companies – different on-demand mobility services like car sharing, ride hailing, parking and others – Daimler and BMW provide already the technology and interface to customers in cities. Captives and OEMs who have always stood for their established and well-known brand, seem to also become the silent partner of others.

As there is no single service provider reaching the majority of market share, we are still in the era of testing, failing and joining forces. Although services, such as subscription models are dominating mobility trends, it is still not clear if customers will apply and demand them as expected by OEMs and Captives.

Depending on the overall strategy of each firm, mobility services differ a lot in their maturity level. While some providers have already initiated a whole umbrella brand, other firms are still fragmentedly investing in

single offers. These holistic umbrella brands are primarily initiated by the large OEMs.

OEMs already started building platforms

As Daimler and BMW joined forces,²² it became clear that even giants need to bring their knowledge together in order to have a chance to win the race in the next decade. While Captives are involved in parts of the offerings on the platform, they do not have a leading role, yet.

The Volkswagen Group started building an ecosystem under the brand name Volkswagen We that includes different services like parking, charging and the delivery of packages in the trunk. Also Daimler has an ecosystem of services known as Mercedes Me that includes services like door-to-door navigation and the control of a vehicle from an app.

While OEMs are beginning to bundle various services, Captives have been hesitant to take a pioneering role and set the course for the future proactively.

Reasons for hesitation of Captives to take a pioneering role

Partnerships still create the fear of losing data ownership and the associated direct customer contact with third parties, which is why Captives cautiously enter into

cooperations. Thorough negotiations are key to staying in the ownership and can take a long time.

Another reason, is the IT landscape legacy, which creates a burden for Captives to fully emerge given the right opportunities. It is very expensive and difficult to reach a seamless technical integration without partnerships.

Furthermore, the operating model and business model of OEMs and Captives are increasingly blurring. As the illustration of mobility investments show (compare figure 3), both, OEMs and Captives, try to strengthen their competitive position through mobility offerings, but the future roles of both organizations in this ecosystem have not been defined yet.

Another major hesitancy occurs in the talent acquisition. Not only cost-cutting measures, but the general war for talents – especially, for experts in new technologies – makes it increasingly difficult to hire the right people.

At the same time, regulations and the legal set-up makes them more cautious and risk averse. Especially, automotive banks are monitored by regulatory institutions, which leads to the need to balance the increasing regulatory effort with new business opportunities.

Last but not least, there is a strong dependency on the OEM, which in turn is challenged by the power of the dealer network. These circumstances lead to internal political affairs and often impede quick decision-making.

²² orange by Handelsblatt, DriveNow und Car2Go werden ShareNow, 2019

The future of Captives

As already touched upon in our Captive Finance Study 2.0, Captives need to map their future role. From the suggested four possible business models, Captives need to carefully evaluate their strategic position (compare figure 4).

The possible business model as described in the study are:

- **Multi-brand Captive** – the Captive might offer financial products for a different brand in addition to those for its own OEM
- **Traditional Captive** – staying competitive by improving operations across the business
- **Internal innovator and partner for mobility** – driving new

business models and services in close alignment with the OEM

- **Digital mobility platform** – developing and offering new innovative services, not just for one OEM but as a platform for the industry

As it is the most disruptive and innovative business model for Captives, this point of view focuses on the digital mobility platform provider and evaluates the four possible roles within that business model.

The best example of a platform and ecosystem business model is Amazon that evaluates relevant customer data to present personalized offers to the customer. If Captives were Amazon, they would know that customers buying a baby car seat need to be offered a family van.

The core competence of Captives is customer centricity, therefore they should not only invest and cooperate with partners fragmentally, but also bring together many relevant mobility services on the same platform, which will ultimately translate into more growth.

*“In the future, the supreme discipline for Captives will be creating an **ecosystem** based on a **platform** to deliver a **seamless customer experience** and **scale its own business**”*

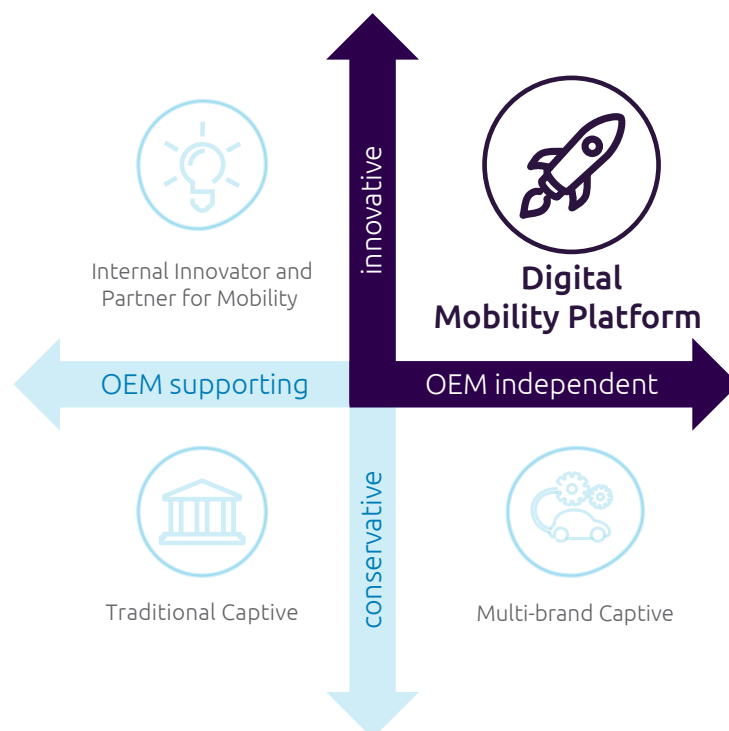


Figure 4: Possible future roles of Captives²³

²³ Capgemini Invent, Captive Finance Study 2.0, 2019

NEXT STEPS

Digital platforms and ecosystems are the cornerstones of future business growth.

The difference between platform and ecosystem

Digital platforms and ecosystems are described as innovative and key to business success. Depending on experts' opinion, either the one or the other is the true key success factor to survive. Nevertheless, there seems to be no common understanding. The terms are often confused and rarely distinguished from each other. However, before Captives can derive strategic measures for action, the terms need first to be sharpened.

Traditional marketplaces have been around since the very beginning of mankind. The digital platform²⁴ is basically an online marketplace where supply and demand also come together. Companies can offer product and services and compete on the platform. The best example is the Amazon marketplace. The possibilities of digitization are creating changed strategic implications that allow platforms to leverage their strengths:

- **Scalability:**
The cost structures of platforms are characterized by high fixed costs and low marginal costs for additional customers - platform providers therefore profit from each additional customer.
- **Network effects:**
The value added of a platform for both providers and customers depends on the number of each other.

The more providers on the platform, the greater the range of products and services, and the more attractive the platform becomes for customers. The more customers there are on the platform, the more lucrative it is for providers to offer their products and services there. In combination with the first strength there is an incentive for cooperation and exponential network effects.

To sum up, a digital platform provides the infrastructure to connect providers and customers. The added value is not only generated through the sale of products and services, but also by bringing competitors together, which creates increased transparency for the customer.

An ecosystem²⁵ is an orchestrated combination of multiple providers that tailor their products and services to customers' needs. An ecosystem can address one or more customer needs. Supply and demand between customers and providers is also existent in an ecosystem, but in this case different providers combine their individual range of services in order to better satisfy the customer's overall needs. Another important aspect is the direct focus on end-to-end solutions. Through the combined services of different providers, the customer is offered a higher benefit than if he would use the services individually.

The strengths of an ecosystem are:

- **Focus:**
Companies no longer need to be strong in every aspect of the value chain but can focus on specific steps.
- **Efficiency:**
The readiness to pay for end-to-end services as well as customer satisfaction increases, which means that despite an increased number of service providers, a higher return remains for the individual provider.

Similar to the platform, the added value for both the customer and the provider is increased by additional participants in the ecosystem and associated network effects.

Both concepts require multiple service providers – platforms in form of a competitive situation and ecosystems in form of synergy effects.

The main difference is that an ecosystem can consist of several digital platforms – an isolated digital platform, however, cannot function as an ecosystem. That means a platform enables customers to compare providers, products and services. If there are price or performance differences the user can easily see that and increases his benefit by selecting the best offer. In the case of the ecosystem, the service is completed by several providers. Provider A fulfils one part of the total service and provider B another part. The service is therefore provided cooperatively.

²⁴ FH Münster, *Digital Platforms – Vom Pipeline- zum Plattform Business*; 2017

²⁵ *The Telegraph, What is a digital ecosystem and how can your business benefit from one*, 2017

Captives can explore four different strategic positions within the digital platform business

In the future role of a digital mobility provider there are four strategic positions for Captives to get involved into digital platform business (compare figure 5):

- **Option 1** – Captives purchase mobility services from start-ups, for instance and provide them on existing platforms.
- **Option 2** – Captives build their own mobility services and provide them on other platforms, e.g. on the platforms of OEMs.
- **Option 3** – Captives are the platform owner, i.e. they provide the infrastructure and orchestrate mobility services of third parties.
- **Option 4** – Captives are a platform ecosystem provider, i.e. they not only provide the necessary infrastructure for an ecosystem and orchestrate mobility services from third parties, but also build and offer their own mobility services on the platform.

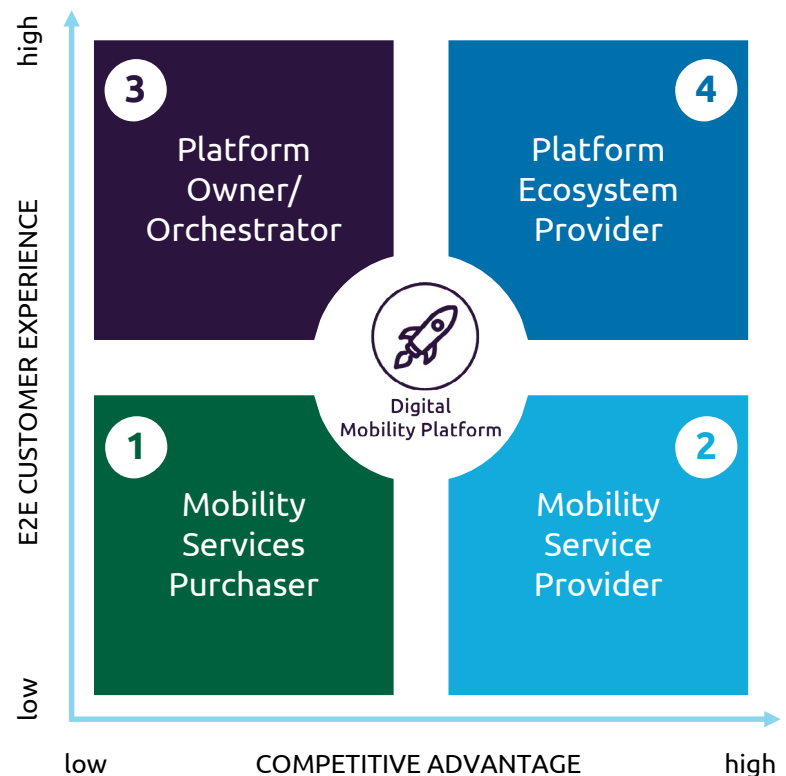


Figure 5: Possible strategic positioning of Captives

Option 1: Mobility Services Purchaser

The first option for Captives is the purchase of mobility product and services. Especially, start-ups are known for their innovative strength. This strategic position seems to be the easiest for Captives to explore and indeed the chances outweigh the challenges, still the risks should not be underestimated when purchasing or investing in third parties. Investments in third parties need to be well considered.

They cost time and money. Time, because the goals of the investment should be well defined beforehand and a suitable start-up has to be found, which can take several months.

Money, as not only the investment itself is expensive, but also the process of administration and assessment of the desired candidate.

In terms of recruiting, however, investments in start-ups pay off: In times of a lack of skilled workers, Captives can acquire new groups of international, young and

skilled employees.

Although, acquisitions take time and cost money, it is generally easier and cheaper to buy existing services instead of investing into new technologies and IT infrastructure. Moreover, Captives as part of OEMs face the challenge of being caught up in idleness – mobility services purchase therefore can strengthen the innovation dynamic. The competitive advantage and customer centricity of this strategic positioning is the lowest compared to the other three options.

Option 2: Mobility Service Producer

Another option for Captives when positioning themselves within the digital platform business is to focus on providing technical components to an already existing platform provider.

As a technology provider, Captives would act as a mobility service producer and exploit competitive advantage in a product category they are strong in, for instance leasing offers. Besides the development of the mobility services, Captives would also be responsible for the marketing and sales of that services to platform providers, as well as for consulting and after-market services.

This option bears risks like losing the direct customer touchpoint as well as losing customer data ownership. The dependency on the platform provider is high. If it is a third-party platform provider, this option requires a good relationship and contract as frequently platforms have premium partners, which are preferred in terms of product placement, for instance.

Providing services on the branded platform of their OEMs, however, can leverage the end-to-end customer experience as Captives can build on their joint strong brand name that many customers trust in. Moreover, Captives could benefit from OEMs cooperation with tech giants and hyperscalers.

The challenge of this option, though, is the dependency on the OEM, which might affect time-to-market. OEMs are known for their decision-making inertia – therefore, Captives need to take a pushing role when thinking of this scenario.

Option 3: Platform Owner/Orchestrator

The third option for Captives is being a platform owner that orchestrates products and services of other parties. What sounds to be simple, is in fact very complex. As a platform owner the key success factor is to add value to all participants (supply and demand side) on the platform by providing the legal and commercial framework and at the same time to capture value for oneself (e.g. by charging transaction costs).

Crucial for the growth and value creation of a platform is a good management of network effects for the demander and supplier. If this capability is mastered well, being a platform owner has basically no negative side-effects, but helps to scale business.

An effective data strategy is another important lever for Captives that want to succeed with their own platform. In this context it is also important to look at the impact of regulations, which may hinder the data collection capabilities of Captives. Major risks of this strategic positioning are high investment costs in IT and missing benchmarks in the financial services sector.

However, this scenario gives Captives the greatest freedom in taking decisions and therefore can accelerate time-to-market. Moreover, the first mover advantage takes effect giving Captives the chance to snatch the pioneering role as a platform provider among other Captives.

Option 4: Platform Ecosystem Provider

The last option with the highest end-to-end customer experience as well as the highest competitive advantage is the combination of option 2 and 3 – thus, building an ecosystem on their own platform, integrating services or even platforms of third parties and offering self-produced services. This option offers an extremely high customer reach.

This strategic position is by far the most complex type, especially when it comes to the integration of several platforms into one integrated service. However, this option has the highest value proposition for customers.

Besides the already mentioned strengths in option 3, this strategic position has extremely valuable data flows. Gathering and analyzing this customer data helps to identify new revenue streams by creating new products and services. If the business and data processes are automated, operational costs can be reduced.

Special attention should be attached to the structure of networks on the platform as it will affect the scalability. Network effects are strongest, when they are built on a global scale instead on a local one. This prevents rivalry with local threats.

A major risk when offering self-produced services within an ecosystem with third parties is focusing only on your own services. An ecosystem lives from network effects, which means that the other participants within it should not be cannibalized.

	1 Mobility Services Purchaser	2 Mobility Service Producer	3 Platform Owner/Orchestrator	4 Platform Ecosystem Provider
Operating Model	Captives purchase mobility services from start-ups, for instance and provide them on existing platforms.	Captives build their own mobility services and provide them on other platforms, e.g. on the platforms of OEMs.	Captives are the platform owner, i.e. they provide the infrastructure and orchestrate mobility services of other parties.	Captives are not only the infrastructure provider and orchestrator of third parties' services, but also build and offer their own mobility services on that platform.
E2E Customer Experience	medium	medium	high	high
Competitive Advantage	medium	medium	high	high
Strength	The purchase of third party services can strengthen the innovation dynamic	Low IT investments as platform already exists and joint strong brand name can leverage customer experience	No dependency on other parties; the freedom of taking decisions can accelerate time-to-market	First mover advantage and extremely valuable data flows that can help to identify new revenue streams
Risk	Negotiations of acquisitions can be costly, time consuming and bear the risk of failure	Dependency on OEM, which might affect time-to-market	High IT infrastructure investments and skilled talents to operate it are required	Risk of only focusing on self-produced services thereby destroying network effects

Figure 6: Four digital mobility platform options for Captives

Captives need to leverage their existing capabilities

Captives are the asset manager for their OEMs and therefore are in regular exchange with customers. With their core capability of customer centricity and customer insight, Captives are best equipped to orchestrate customer data, products and services.

This close customer touchpoint can enrich every OEM's service and defend their position on the market by becoming a partner for innovation. The market, OEMs and Captives operate in, is taking one of the most drastic changes since the emergence of automobiles.

Captives have the ability to anticipate demands early and use disruption to their advantage. Taking these capabilities into account, Captives are in a great position to take a leading role in being a platform orchestrator or providing an ecosystem based on a platform.

“Attracting many services to the same platform sharing infrastructural components will translate ultimately into more growth.”

HOW TO BECOME A LEADER WITH A PLATFORM ECOSYSTEM BY 2030

1

Define your vision and develop a clear strategy towards it

Business performance and the potential for significant revenue growth are at the heart of platform business. To realize the full potential, all involved stakeholders need a clear vision and a roadmap that outlines how the network effects will scale.

2

Make or join decision: define your role within the platform ecosystem

Each company can find a place within the platform business model. Do you want to be a platform participant or the platform orchestrator? Key guiding questions to the answer are: Who are your clients? What do they want? Who are your partners? What are your strengths?

Think about platform value-creating mechanisms

To be a successful platform provider companies must provide value-creating mechanisms: (1) network effects that enable consumers and demanders to benefit from each other; (2) innovation capabilities to create solutions that complement to the platform ecosystem.

Focus on end-to-end customer experience

Think of new products and services as a way for your customers to experience your brand. Develop convenient solutions which solve customer pain points to gain rapport. Provide an end-to-end experience to your customer as this creates a unique value proposition.

3

4

*“Who will be the winner in the world of platform ecosystem? Captives’ customer centric business model can be a great lever for building products and services on a platform. To keep pace with the **innovation speed** of start-ups Captives need to **create** their **own platform** on which they can build strong partnerships. A **platform** is the best possibility to **create network effects**. ”*

The race is on – the winner will take it all!

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***WE BRING TO LIFE
WHAT'S NEXT!***

Our various Strategic Sales Offers make us the ideal partner for Captives to support the transformation to a digital mobility platform:

Smart Mobility Connect

Do you want to establish connectivity in your automotive product portfolio? Capgemini Invent has the necessary capabilities to make you build the connected cars of the future

Connected Customer

Capgemini Invent's offering creates seamless customer-centric strategies and solutions, using advanced technologies to heighten the impact of customer experience. It leverages real-time data to provide actionable insight, resulting in quick turn-around innovative solutions. It creates customer loyalty by anticipating future needs along the holistic customer journey.

Connected Services & Products

Unlock untapped business potential with new connected services and products including our end-to-end mobility solutions, which are tailored to the clients needs and capabilities by Capgemini Invent.

Connected Ecosystem

Capgemini Invent helps businesses define their future positioning within the digital value chain. We create cooperation models with non-traditional partners and activate our clients' vision through carefully-designed and agile business and operating models.

Customer Engine

The Customer Engine demonstrator connects these three core pillars providing the architectural framework to reimagine the customer experience of the future. With the technical blueprint Capgemini Invent delivers an implemented set of innovative future-ready use cases, connecting all involved parties of the mobility ecosystem.

Efficiency and Scalability Strategy

A roadmap for efficient scaling of organizations

Tailored Efficiency & Scalability Assessment

Capgemini Invent unlocks the massive potential of new technologies and business models by analyzing the gaps in an organization's focus areas – governance, structure, technology, capabilities, culture and partners.

Efficient scaling operating model

Capgemini Invent provides a blueprint of an efficient scaling operating model that is fitted to the individual needs of our clients. Based on the tailored Efficiency & scalability Assessment we jointly define the target picture dimensions and detailed characteristics for each identified focus area.

Efficiency & Scalability Transformation Ramp-up

Rapid Start is Capgemini's global standard for early mobilization of projects in established partnerships to accelerate the ramp-up phase and to establish consistent method and tool usage through minimal local adaptation. In this important phase Capgemini Invent supports through intensive training and coaching.



ABOUT CAPGEMINI INVENT

As the digital innovation, consulting and transformation brand of the Capgemini Group, Capgemini Invent helps CxOs envision and build what's next for their organizations. Located in more than 30 offices and 25 creative studios around the world, its 7,000+ strong team combines strategy, technology, data science and creative design with deep industry expertise and insights, to develop new digital solutions and business models of the future.

Capgemini Invent is an integral part of Capgemini, a global leader in consulting, digital transformation, technology and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year+ heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. Today, it is a multicultural company of 270,000 team members in almost 50 countries. With Altran, the Group reported 2019 combined revenues of €17billion. People matter, results count.

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