

SMART MOBILITY CONNECT

**CONNECTED SERVICES
& PRODUCTS**

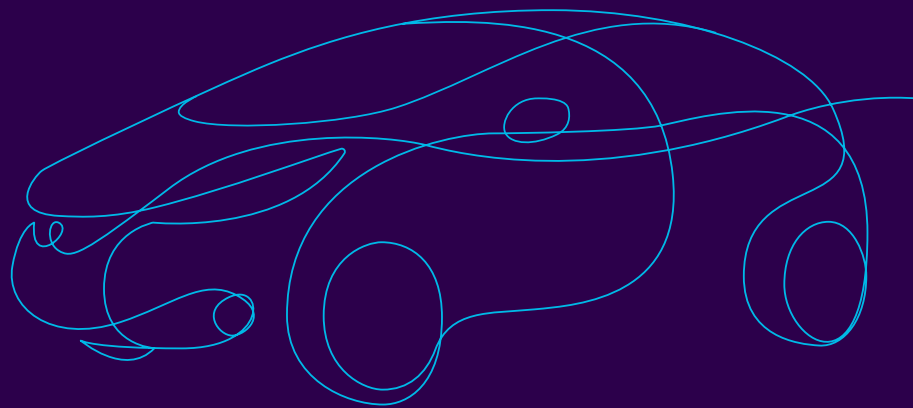
Charting the new mobility
ecosystem of the future

PRELUDE

As technology and new competitive threats disrupt the automotive industry, automotive players need the vision to transform their businesses and stay relevant.

We bring the industry insight and multi-disciplinary expertise to support OEMs and other automotive businesses on their transformation journeys.

Our series of Smart Mobility Connect offerings addresses their critical challenges and drives business growth by bringing to life the smart mobility ecosystem of the future. Here we zoom in on the second of these offerings – **Connected Services and Products.**



Detailed information about each of the four core offerings – Connected Customer, Connected Services and Products, Connected Ecosystem and Customer Engine – is available at: www.capgemini.com/service/invent/smart-mobility-connect/

36%

of consumers say their current car does not have Connected Car services, but would like their next car to have them.

Cars Online 2017: Beyond the Car, www.capgemini.com/service/cars-online-2017-beyond-the-car/

Since the introduction of the iPhone, customers have become increasingly connected to brands online through the services and products they use.

The customer's user experience has developed around interconnected services and products that are based on new technologies and innovative platforms. While mobility services have become increasingly available through third parties, OEMs are also starting to build their own connected product and service portfolios through car-sharing, building apps to interact with cars, or by reshaping product offerings completely.

Traditionally, OEMs are manufacturers evaluated by the quality of the cars they build, the performance of engines they develop and how innovative their product design is. Now, their products are augmented through their connectivity with the services built around them, ultimately leading to OEMs being measured both by the product portfolio they develop, and the service ecosystem they create. Products need to be connected, controlled and supported by apps and digital services. The entire customer journey and its processes blend online and offline elements.

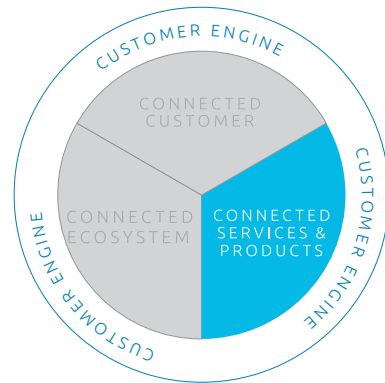
Connected services and products not only provide OEMs with additional potential for revenue creation, but also the chance to differentiate themselves from competitors. E-commerce is one example of this: The online direct sales model for cars through OEMs challenges the longstanding status quo of a three-stage sales model with importers and dealers. This requires a complex process to be handled online by advanced systems, with much less human interaction.

We collaborate with automotive leaders to address these challenges by:

- Identifying high-potential areas for new connected services and products based on data and insights into consumers' willingness to pay
- Increasing customer satisfaction by ensuring products and services are accessible through the right channels and tailored to individual needs
- Pioneering end-to-end mobility solutions that span the future urban landscape of mobility services.

We provide in-depth support to OEMs and other automotive businesses in four focus areas: **Connected Services Portfolio, Digital Service Monetization, Sales Channels and Mobility Services.**

Smart Mobility Connect Offerings



CONNECTED SERVICES PORTFOLIO

Customers want all their mobility activities to be easier, supporting their everyday lives. By connecting cars, OEMs and third parties can create a variety of products and services around vehicles that support the customer in amazing new ways. Examples include in-car services providing live updates on parking spaces; integrating charging station availability into the in-car navigation system; and out-of-car app services for heating system control and electric car battery status.

OEMs can transcend their status as product manufacturers to become service providers, enhancing their interactions not only with the customer, but also with stakeholders such as fleet managers who could benefit from connected services to manage their fleet.

In light of this, OEMs are entering digital business. They need to continually innovate and develop relevant services, created both by themselves and jointly with other third parties.

What we offer

Starting with the design of the customer journey, then translating it into processes, we develop new target-group specific, user-centric service functions for private as well as business customers (e.g. B2B fleet services, B2C car sharing services). These may also involve third-party service providers such as start-ups, providing added value for consumers.

These services may be available on demand while riding the car (e.g. seat heating, range extension, horsepower etc.) or via a monthly or annual subscription.

Client case study

Issue: The client's connected car offering was inconsistent and not transparent for the customer. There was much complexity as the prerequisites, knowledge and implementation level of connected car services differed between countries. The client needed a stronger competitive positioning against other premium and high-volume automotive manufacturers with more sophisticated offerings for connected car services. The goal was to reduce complexity and improve the customer experience.

Solution: We conducted an 'as-is' analysis to assess the current connected car service offer, including automotive competitor analysis and cross-industry benchmarking. Areas for improvement were identified. A consistent strategy and seamless service offering were defined and aligned internally.

Benefit: The new connected car offering has increased customer and dealer satisfaction. It enables seamless integration into the digital non-automotive environment of customers with a reduction of internal effort through transparency, consistency and simplicity. The development of guiding principles to make the new offering scalable and future-oriented was another benefit.

DIGITAL SERVICE MONETIZATION

Connected services and products can generate new revenue streams that complement the revenues of traditional products. OEMs can grow revenue through new products and acquire additional revenue throughout those products' lifespan by selling a range of product and service packages to customers either on a continuous, recurring basis, or periodically on-demand.

Customers are already used to this new product and payment setup through subscription models such as Spotify for music and Netflix for video streaming. Both services revolutionized a traditional product offering for consumers, making it even more necessary for OEMs to innovate their product and service offerings and associated payment schemes. For example, optional extras such as seat-heating and driver assistance systems could be activated by the driver on-demand whenever needed. The customer could then be charged for an option on a recurring basis, rather than once when they buy it.

What we offer

We support the monetization of connected services and evaluate potential bundling opportunities. Based on aligned revenue streams we can detect consumers' willingness to pay for the respective service offerings and determine pricing and payment models.

Client case study

Issue: The client's idea generation process was missing a link between the overall digital strategy and the existing digital portfolio.

Solution: We collaboratively redefined, re-organized and re-energized the client's customer innovation activities to guide the business and stakeholders within the sector and beyond. We developed an innovation strategy for digital business services and assessed the customer's digital innovation processes. We also created an idea template to act as stimulus and guardrails for idea generation.

Benefit: The client benefited from tools and recommendations to guide, inspire and engage all stakeholders around the company's digital product portfolio and reach the targets of their future strategy. The 'Do the right things' approach was adopted: a stringent translation of the company's strategy and digital business portfolio into spaces of opportunity. Similarly a 'Do the things right' approach meant growing a clear understanding of the individual target contribution of each digital service and balance of resource commitment across targets.



SALES CHANNELS

As customers become more connected and come to expect new, increasingly online-based channels to buy products, OEMs are moving away from traditional sales models to new initiatives, reshaping and digitizing their traditional processes. This means products and services can also be sold directly online by the OEMs. This redefines the role of the dealership from being only a sales channel, to a point of physical experience in a customer-oriented mix with digital sales channels.

It also changes how companies and customers interact through online sales channels. Through e-commerce, new business models can also be targeted, allowing new financing models to arise – for example, subscription-based models for cars and for digital products. For the latter, new purchase channels such as in-car stores need to be incorporated, allowing the customer to purchase products inside the vehicle or via an app, on-demand.

Nevertheless, dealerships or new physical formats will still play a decisive role in future developments, not only in sales but also in after-sales service and maintenance. Customers expect a frictionless and almost invisible after-sales service experience with maximum convenience. Innovative and digitally enhanced formats such as fast lanes of service factories, tools and workflows, alongside the sales and service processes, will help in meeting these expectations.

What we offer

We develop customer-centric, omni-channel (direct) sales models. Based on this we help our customers to design their sales and retail strategy and to consistently manage all customer touchpoints and internal processes. Additionally, we conceptualize, integrate and roll out e-commerce platforms.

We support the strategic development of innovative retail formats including the special requirements of shared and on-demand mobility, digital services or electric vehicles.

To create a superior customer experience, we provide frameworks and processes to harness the potential of innovative digital technologies and tools within customer-facing and internal processes, both in-sales and after-sales.

By constantly working on the convergence of the digital and physical worlds we orchestrate online and offline channels, enabling an ever more personalized dialogue throughout the whole customer journey.

Client case study

Situation: After establishing a platform for its digital services, the client (a premium OEM) wanted to evolve it to the next level. The goal was to expand the digital solutions and services on offer, making them more comprehensive and sophisticated.

Solution: We established and tested new e-commerce processes such as in-car payment, a subscription model and the capability to configure digital services directly into the car.

Benefit: The client had full support in making existing processes leaner and more efficient, as well as establishing new processes and functions. Due to this, the whole digital services ecosystem has remained up to date and relevant within the automotive industry.

MOBILITY SERVICES

Customers' mobility needs are changing. As urbanization continues and smart cities are planned, customers are moving away from ownership and towards shared mobility. OEMs and third parties have thus started to create car-sharing models and services to meet new customers' mobility needs. In this way OEMs are able to diversify their portfolios by adding new and different mobility solutions to traditional car making.

Furthermore, due to emission regulation and customers' concerns about air pollution, electric vehicles are increasingly in demand. In order for electric mobility and shared mobility to work however, services need to be created that enable different mobility solutions.

Smart cities that use vehicle data in combination with IoT solutions enhance the possibilities for OEMs to create new mobility services. Platform-based, innovative solutions can support customers in a range of ways, from helping find public charging stations for their electric vehicle, to choosing the right transportation for their current mobility need and using the right route to find a parking spot. Additionally, OEMs are able to monetize vehicle data and offer it to cities and governments in order for them to build and develop their growing connected infrastructure needs.

What we offer

Platform-based, innovative solutions are indispensable for offering customers a broad range of mobility services in the urban space. We create mobile phone apps that support the use of existing transport infrastructures including trains, taxis, buses and car sharing options. Beyond that, we enable OEMs to meet emerging needs that have arisen from new technologies, delivering new forms of mobility like electric mobility and autonomous driving.

Client case study

Issue: A Germany-wide utilities client planned market entry into the public charging sector, across B2C, B2B and B2M segments. There was uncertainty regarding suitable products and services, the competitive situation, and the pricing and financing models. The legal framework conditions for government promotion and integration of products in promotion decisions were unclear.

Solution: We co-developed the electric mobility business model for the client, including:

- Identification of market and sales potential
- Product and service definition and development of a pricing model
- End-to-end definition of customer journeys
- Product shopping
- Design of the process organization
- Segmentation and sales strategy

Benefit: Through the development of a profitable and sustainable business model, the client achieved a scaled market entry for the electric mobility sector alongside a clearly differentiating value proposition.



THE WAY FORWARD

Evolving the offering of a business is key to staying relevant and competitive. OEM players have a paramount opportunity to leverage technology and a network of new partners to continuously drive growth and create new value.

Applying an inventive mindset is key to staying ahead, as we believe the mobility ecosystem of the future will connect people with technology in ways that haven't been seen before.

Together with our clients we bring to life what's next, creating a smart mobility ecosystem designed with people at its heart.

Discover how Capgemini Invent enables businesses to reinvent mobility for people

www.capgemini.com/service/invent/smart-mobility-connect/

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 10 creative studios around the world, its 6,000+ 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, technology services and digital transformation. 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. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion. *People matter, results count.*

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www.capgemini.com/invent

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