

# The Automotive IoT Revolution: It's not about technology, it's about customer value



How IoT can enable automotive manufacturers to shorten the value chain, get closer to customers and offer more targeted services.

By Roberto Polli, Head of IoT Sales, Southern Europe

IoT technology is all about customer value. I believe that every IoT conversation should start with what it can do for the customers of the automotive sector.

The real IoT revolution is not the 'Connected Car', it's the data that IoT can generate to transform the way cars are sold, distributed, and can

create lifetime relationships with (loyal) end users. What IoT can do is create an 'ecosystem of value' around each vehicle. An ecosystem based on relationships: manufacturers working with insurance or energy companies or even retailers to enrich the world of the consumer whether they own the car or not.



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The old value chain is too long. I often tell the story of my own company car (thank you Vodafone!); it is manufactured in Europe. It then gets sold to that manufacturer's UK division, which sells it to dealer, which then leases it via a third-party company to a fleet specialist that makes a deal with Vodafone, and then, finally, I get the vehicle.

But, that's all going to change. Digital is shortening value chains across all sectors. What Amazon did to retail is going to happen to automotive. It's an opportunity for OEMs to boost margins in a business where margins are, famously, tight.

I've worked as a supplier to the automotive industry for a number of years and have met many colleagues who have stories about spending nine months and more trying to shave two cents of the cost of a marque's badge! Why? Because they make five million cars a year and so two cents off each badge is a big deal. With the average cost of an IoT device coming at around €140 (that's a broad estimate which includes the engineering, cabling and

other related costs) you can imagine the attitude of procurement specialists; they want a pretty robust business case and path to significant ROI.

At Vodafone, we're on a mission to prove the broader value of IoT. We want to enable the automotive business to create an ecosystem of value, so they can deliver not just revenue but ongoing customer loyalty.

We can do that by working with a manufacturer to leverage the power of data from the IoT devices to create a connected car that offers value to end users. So, we can achieve predictive maintenance, ensure customers use authorised dealers for servicing, and deliver other services to enhance security and deal with breakdowns and emergencies.

Next, we can then help shorten the value chain by opening up digital channels for both sales and ongoing services such as upgrades or leasing and so on. Then we can link the automotive manufacturer to the insurer so that the former gets a cut of the income of the latter. We can do that because of Vodafone's preeminent

position in the use of IoT for insurance. A manufacturer doesn't have to go out and make a deal with just one of those companies. Instead, it works with us to then offer its customers a broad range of deals based on IoT sourced data about both driving behaviours and other lifestyle factors.

But there's another which is equally as important: data. Monetising it can offset the cost of IoT devices. That's because the data is valuable to insurance and energy companies for instance, and it can be sold to retailers or even subscription entertainment services. Naturally, any usage of personal data has to be within the rules of GDPR, and the driver's explicit consent must be part of the deal.

IoT technology is cost neutral. It shortens the value chain. It yields revenue. Builds value through customer engagement. And Vodafone's mission is to do it all (well most of it) with you and for you.

**Find out more, talk to us: [iot@vodafone.com](mailto:iot@vodafone.com)**

