

The Dispatcher

Telematics Industry Insights by Michael L. Sena

Special interest features covered in each issue:

- Autonomous and Self-driving Cars
- Big Data
- DSRC versus Wireless Communication
- Connected Vehicles – V2V and V2I
- Third party services for eCall

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In the next issue:

- Four trends that will affect the automotive business in the next ten years.
- Five trends that will affect the telematics call center business within the next ten years.

Report from Telematics Update Munich

Attendance was up 20% from last year, to over 800, and more than one-half of the delegates to this year's Telematics Update Munich event had never attended an earlier TU Munich conference. Were the 300 or so who did not come back convinced that telematics would never take off, or did they feel they had gotten as much as they needed and were now ready to take on the world? Whatever the reason, they missed the best exhibition ever and a solid set of sessions. Panels and individual presentations were no longer PowerPoint future scenarios but case studies in what has been and is being done in Europe and, to a lesser extent, in the US and China. Why not Japan, where wireless, in-vehicle services have existed longer than in any other market? As long as European and American car manufacturers are not able to sell their cars as freely there as in other world markets, including China, Japan, will continue to be an isolated market for telematics.

It is essential to understand the dynamics of these conferences to appreciate why certain issues are discussed and given importance and why others are apparently ignored. Speakers come principally from the sponsors, with the Platinum sponsors having the choicest speaking spots. Second, the OEMs are kings, invited to speak and given free entry just to make sure that they attend. Industry experts fill in the cracks.

Call Center Services Absent from the Conference

It has been many years since a telematics call center service provider was exhibiting or speaking at this event. A few years ago, AutoLocator, a Moscow-based call center for stolen vehicle tracking, who also provide the customer service center for Volvo On Call in Russia, famously—and shamelessly—served Russian vodka in company labeled shot glasses poured by gorgeous women. The booth was heavily visited. The ARC clubs and Mondial/Allianz

Group Assistance have attended the event, but they have not really participated in the same way as the telematics service providers, hardware providers and telecoms. This was highlighted by a statement made by Simon Euringer, Head of Connected Drive for BMW during his presentation of the company's past, current and long-term strategy for connectivity to achieve mobility when he said that their 'killer app' was the live voice services that

talked with the BMW owners and delivered the all important assistance services, like concierge, roadside assistance and emergency help in case of an accident.

Who was there? AutoLocator continues to attend, along with Cesar Satellite its major and larger competitor in Russia. Europ Assistance Italia was there, the roadside assistance provider to BMW and forever after-ran in the telematics call center races.

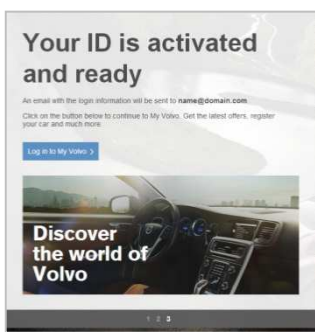
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What the Car Companies Are Doing

BMW, Volvo Cars and Mercedes had the prime time speaking slots to tell their stories. BMW is what is called in American English the 'Poster Child' for automotive telematics. That means it is a shining example. Simon Euringer, Head of Connected Drive, gave an inspiring talk about BMW's vision as a mobility provider, not a car manufacturer, and its future direction of allowing the customer to download applications of his or her choice. He called them 'self-installed' features. Everything should be personalized, he said, especially since, in BMW's view, more people will be sharing cars or having access to many different cars, rather than owning only one.

"Our killer app is the call center. Our customers make 40,000 calls per week to our BMW Assist call centers."

Simon Euringer, BMW



A key difference between the current BMW offering and the next generation is that connectivity will be decoupled from the navigation head unit. A customer will be able to buy connectivity for €300 and get access to the BMW backend system where a range of mobile apps, such as traffic information and fuel prices, will be available for purchase. The customer can also download native apps as well, such as Napster and Spotify. The customer will pay for services on an eStore, which will be used for all BMW product purchases.

Volvo Cars' Thomas Müller was first up on the second day of the conference. He talked about the cloud as a catalyst for new opportunities for car companies. He started by explaining that Volvo had contracted with Ericsson to build a cloud platform. This would deliver Internet connectivity that was missing in Volvo's offering until Sensus Connected Touch, an aftermarket system, was introduced in quarter two, 2013. Coming in May 2014 is the online navigation feature which will

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"We believe in telematics as part of our brand values, and our commitment to Volvo On Call over the years is proof of that."

Thomas Müller, Volvo Cars

Call Center Services Absent from the Conference (continued from p.1)

Inter Mutuelles Assistance, eCall and bCall supplier to PSA Peugeot Citroën was there but invisible. A new addition was Securitas. I worked for several years with Securitas to assist them in developing a strategy for telematics, and they have made good progress in the expansion of their stolen vehicle tracking services, but they have not been able to get

the management support for developing a competitive offering for call center and content provision services to the automotive industry. The head of the Automobile Association's motoring technologies department was there, but he did not participate in any sessions. And finally there was Kim Madsen from SOS International. The fact that the call

centers, who are the acknowledged keys to the success of the current telematics systems from Volvo, BMW and PSA in Europe and from GM, Mercedes, Toyota and BMW in the US, are not playing a central role in this important industry conference, is a subject that we will be investigating in our upcoming workshops.

Insurance Telematics

Unfortunately for the other conference attendees, one of the leading lights in insurance telematics, Jacques Amselem, CEO of Allianz Telematics, had to cancel at the last minute. He was scheduled to take part in a panel called *Insurers Join Forces with Solution Providers*. It was moderated by Frederic Bruneteau from Ptolemus Consulting. Other panelists were from Zurich Insurance, Generali Group and Octo Telematics. Octo provides systems and managed subscription services for many insurance companies (they claim to have 100 customers), principally in Italy. I tried to hear something new and important from this group,

but it was the same story that this same group has been telling for several years: Customers will wake up to the advantages of UBI and then everyone will make money. Jacques would have livened up the discussion by saying that insurance companies are not in the business to deliver discounts; they are in the business to take over the risk of individuals and companies in return for being paid a fee. Services get customers to sign up for their insurance. Finally a question was asked about eCall and whether the insurers would agree on a minimum set of data, like the eCall MSD, to deliver from on-board systems in order to get the OEMs to agree to deliver

data to them. There was agreement among the panelists that any standard would be unlikely because the companies would always want to ensure that they had something special to feed their proprietary risk and claims analysis programs.

In a session following the panel, the CMO of Octo Telematics, Jonathan Hewett, said that the TSP will be the principal source of strength, linking the customer to the insurance company. I believe Jacques would agree. After all, that is the point of Allianz Telematics, to link Allianz insurance companies in each country to their customers and to provide value-added

services in return for receiving the all-important usage information. In another presentation given by Peter Rampling, managing director of Telefonica Digital Germany, titled *Telecoms and Insurers Find the Route to Market*, the issue of privacy was the principal focus. There was little discussion about what benefits either party derives from cooperation. What Rampling was really describing were the benefits of working with a TSP who is able to retrieve the data, process it in a way that is compatible with the expected content and formats of the insurer and then to deliver it in a safe and secure manner. Telefonica is apparently now providing either MNO or TSP services or both to Generali in Spain and Sparkassen Direkt in Germany for a type of usage based insurance.

What the Car Companies Are Doing (continued from p.2)

supplement the integrated navigation that is currently available. Just this week the Ericsson cloud went into service with the start of services for Sensus Connected App. At the end of 2014, Volvo will introduce Connected Full Touch with a large screen and many other features. What is different also with the new program is the shift in business model from one that is dealer-centric to one that is customer-centric with multiple entry points for the customers, including the car, mobile phones and portals with service

platforms combined with a convenient payment platform.

I did not hear Mercedes-Benz's presentation at this conference, but I have heard it before. They like to present long-term futures rather than discussing the mundane present. They showed their augmented reality system and how it would improve both the pleasure and the safety of the drive. Nevertheless, Mercedes-Benz's present is far from boring. They have been operational with Verizon (formerly Hughes

Telematics) as their TSP since 2009. They have Internet services delivered through the Verizon platform, mobile apps, and all the standard safety and security services. After two years of development they are now ready to open up in China. MB gave no information about the status of its eCall system in Europe for which Bosch is the call center provider, nor for the Internet services option, for which Atos provides a global platform.

It was a great feeling listening to the OEMs.

According to Verizon, Volkswagen started safety and security services on 1 October in the US and will initiate services shortly in China. It will also introduce telematics on its electric cars in Europe.

Nissan finally announced that it would be expanding telematics services in Europe beyond the Nissan Leaf electric vehicle.

Toyota's Derek Williams attended and took part in one panel, Augment the Navigation Experience.

Ford's Christian Röss who works in the Aachen Research facility gave a very good presentation of V2I and V2V.

Renault had no one from its telematics group, only a representative from its Advanced Engineering ITS department, who took part on a panel which I led on mega cities. His message: Renault will deliver multi-modal content.

Opel's David Voss, the company's sole participant, was on an HMI panel. No one from HQ or GM/OnStar attended.

Vehicle-to-Vehicle/Infrastructure Communication

“European countries lose €24 billion per year due to traffic congestion. €6.5 billion per year could be saved if traffic safety were improved.”
Christian Ress, Ford

Christian Ress was the chairperson for the ADASIS Forum for two years and has been actively engaged in map- and other sensor-based safety projects for Ford in its Aachen research facility for many years. He presented the results of a German-funded project that Ford took part in that tested different services and functions related to vehicle-to-vehicle and vehicle-to-vehicle communication. Safe Intelligent Mobility-Test Germany (Deutschland) or SIM^{TD}. The test site stretched from Rotterdam to Vienna (with Germany stretching its funding mandate outside its borders). The main take-away from this project is that there is now a growing acceptance that wireless communications (3G/4G) will be augmented by other communications technologies, in particular DSRC. This is alternatively

called Wireless Lan or WiFi. It has been standardized in the US as SAE J2735, IEEE 802.11p and in the EU as ETSI ITS G5A. It is 5.9 GHz. The significance of these tests and others like them is that the battle that was fought over the German trucking road tolling system, *Toll Collect*, that was won by the cellular camp, has now been reopened.

Split Billing: The Future of Embedded Telematics

Andrea Sroczynski (it's not as difficult to pronounce as to spell), head of global automotive sales for Telenor Connexion talked about why the MNO is the OEM's most valuable asset. She explained why it is more desirable to work with a company like TC, which has been doing M2M telematics for more than a dozen years, rather than a newcomer

(unmentioned, but Vodafone, Telefonica and AT&T were in their sights). This was all old stuff. What was new was her explanation of how split billing would occur with a single embedded SIM-chip being used for both the embedded one-time payment services, like safety/security and diagnostics, and the traffic-heavy infotainment services. Telenor is not

delivering split billing to any customers today. AT&T, on the other hand, claims to be working with several car OEMs on the concept. OnStar has recently announced its move from Verizon to AT&T. In my view, split billing is long overdue. I suggested it to Telenor more than five years ago, but the technology was not ready. It is now. Who will be first to the well?

Big Data in Big Cities

“We don't have any mega cities in Austria. I don't think we want them either.”
Bernd Datler, ASFiNAG

The panel discussion on Mega Cities which I led was not just about big data. That was the topic for the question I posed to Ericsson. I asked the panelists from Renault, TomTom and the Austrian road building agency, ASFiNAG, questions about whether mega cities would mean the end of cars as we know them, roads as we know them and navigation systems as we know them. Unsurprisingly, they all answered 'No'. Mega Cities will just mean more of the same, and then even more because they are so big, they all said. I don't totally agree, but there is not much room for debate during a thirty-minute session when everyone needs to get his or her fair share of air time.

My question to Friedhelm Ramme, Manager of Automotive for Ericsson, was whether he felt that larger and more populous cities would mean that governments and companies would have an easier time of and greater reason for monitoring citizens'

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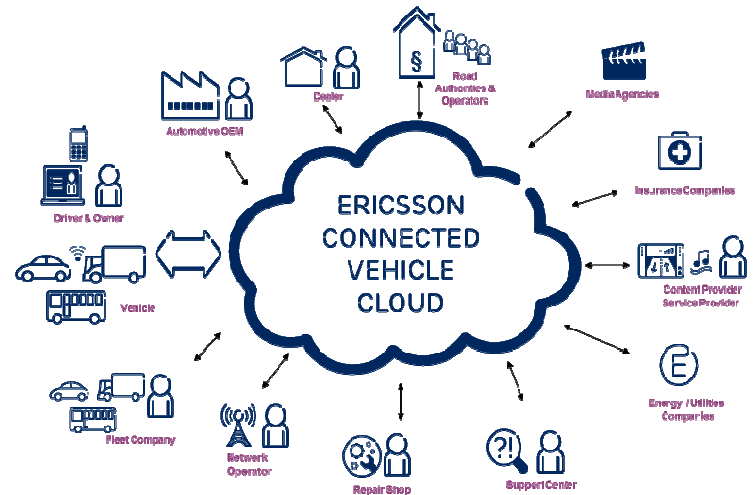
Big Data in Big Cities (continued from p.4)

every movements. Did Big data in mega cities mean Big Brother, or would there be ways to ensure privacy and continued anonymity, two reasons why people have moved to cities. I was hoping to initiate a discussion among the panelists and the attendees about whether mega cities, which are defined as agglomerations of more than 10 million people, held the promise for less traffic congestion, less pollution, less social deviance.

Time prevented a true debate, but there seemed to be an acceptance that in the case of cities growing larger, more would be more. Because there would be a larger base to pay for services, the services based on the gathering and processing of vast amounts of data from light poles, manhole covers, traffic lights, parking ticket dispensers and the massive number of other data collection points—not to mention we humans with the dozens of sensors we will be holding, wearing and containing—would be easier to build and finance.

Ericsson, Oracle and IBM (all of whom were at Telematics Update Munich), the three companies that

are specializing in Big Data for transport and city applications, may have a window of opportunity to build a loyal following among cities and automotive OEMs before the really big Big Data companies enter the fray. Amazon, Microsoft, Google, Walmart (Yes, them too.) come to mind. I expect to see these companies starting to show up at future events.



What happens between now and next year's TU Munich?

The organizers of TU Munich invite analysts from companies like Frost+Sullivan, Strategy Analytics, SBD among others to open and close the conference. The idea is for them to summarize the results of the studies they have performed on the industry and to encapsulate the trends they see developing. The message was similar: all cars will be connected. The difference this year was that there was real proof that this ten-year-old prediction would finally be realized. What remains

unclear to many (all?) is how to make money, or whether there is any real point in doing so. One session, led by TU's managing director, Precksha Saksena-Sood, sought to find an answer to whether the connected consumer could be 'monetised'. Volvo, BMW and Nissan representatives formed the panel. BMW felt that it was possible to create a viable business by charging for some products and services while letting the customer buy or download others

without taking a fee. Nissan said that including apps in the car and providing for a good user experience will drive sales of cars, and that is what they are selling. Volvo said that a web-based customer subscription payment system is already live and will be the way that customers buy services in the future, and in any case, connectivity is not for earning money but increasing usability, drivability and safety.

Euringer of BMW gave a hint about where the

"Apple just announced that it is giving away its office software when you purchase a device."
Roger Lanctot, Strategy Analytics

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What happens between now and next year's TU Munich? (from P.5)

company is going with connectivity when he hinted that they would need to collect their own highly accurate map data in order to feed their advanced driver assistance and automated driving systems. The conference was not high-jacked by the autonomous driving lobby, as was the

case with the ITS World Congress in Japan this past October. However, it is likely that many of the OEMs who are asked to participate next year will want to use the opportunity to talk about what they are doing in that arena. Connectivity in general, and telematics in particular, has reached

the stage of acceptance by the majority (with the possible exception of Toyota Europe). Like all conferences, it will need to stay relevant to stay alive. The organizers have proved to be adept at recognizing new developments while they are happening not after they have passed.

Third Party Data for eCall Services (TC 278 WI 278244)

There are two means to provide an eCall from a vehicle. One method is to use the pan-European in vehicle emergency call "eCall", which sends the voice call and the data directly to the PSAP, using the emergency number 112. Another method consists of using a "Third Party Support for eCall", abbreviated as TPS-eCall. This is an eCall variant which includes the transmission of data to a third party service provider or TPSP, and the establishment of a voice call with this TPSP. In the case of a real emergency situation

needing a rescue, the TPSP establishes a voice connection with the most appropriate PSAP. The TPSP also forwards all relevant information concerning the event, including the information specified by the MSD standard (EN 15722 (Intelligent transport systems - eSafety - 'eCall' minimum set of data)) as a minimum, to this most appropriate PSAP. The TPSP also provides voice communication between the PSAP and the vehicle occupants, at least by setting up

a conference call, if this is required by any of the parties involved and allowed by the PSAP.

This European Standard specifies the generic operational requirements for the TPS-eCall. This Standard is complementary to Pan European eCall EN 16072 (Intelligent transport systems — eSafety — Pan European eCall- Operating requirements), and provides another means by which to provide the eCall service.

About Michael L. Sena Consulting AB

Michael Sena works hard for his clients to bring clarity to an often opaque world of vehicle telematics. He has not just studied the technologies and analyzed the services. He has developed and implemented them. He has shaped visions and followed through to delivering them. This newsletter touches on the principal themes of the industry, highlighting what is happening. Explaining and understanding the how and why, and developing your own strategies, are what we do together.