Cars, Code & Connectivity
Four Keys to Success for Branded Connected Car Services

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When it comes to the internet of things (IoT), the sea of opportunities continues to expand as network technologies improve, channel access grows and consumers gain confidence in the value of our increasingly connected lives.

There's one 'connected' segment in particular that is not only gaining meaningful traction with consumers but is also having a transformational effect on mobile network operators (MNOs): the car.

To be clear, we're not talking about the self-driving cars of the future: we're referring to the global aftermarket opportunity of more than 1.2 billion passenger vehicles already on the world's roadways. Almost all cars — and their owners — can benefit from an affordable, easy-to-install upgrade via the simple combination of a plug-and-play device and a mobile app, delivered as your branded connected car service.

Case in point: in its first 12 months of operation, SyncUP DRIVE unlocked a $100M net-new business for T-Mobile, with more than 500,000 net-adds and a 4 star app store rating.

The connected car sector is one of the largest and most addressable IoT markets for global MNOs to attack with precision, and many forecasts are highly encouraging: according to market research firm Counterpoint, more than 125 million connected cars with embedded connectivity will be shipped between 2018-2022.[1] That's going to require a lot of bandwidth. However, these embedded connectivity deals between MNOs and automotive OEMs are on the B2B side of the business (e.g. M2M deals), and the upside is severely limited. After all, that's a network play, not a consumer play.

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In order to truly maximize the connected car opportunity, MNOs need to look to the even larger aftermarket opportunity (devices in existing cars) and put their brand, and the powerful reach that comes with it, behind the service. That's the sweet spot for operators, and here's why:

- **Accelerate net-adds:** every existing mobile subscriber with a car can be targeted via base marketing tactics, promotional bundles and channel execution for a quick and easy net-add. Just ask this question: how many of your subscribers own a car?

- **Grow ARPU:** starting at around $10/month, connected car services deliver impact to your ARPU and can grow it even further through the addition of expanded Wi-Fi Hotspot plans and premium, in-app services, as well as fleet solutions for small and medium-sized businesses.

- **Improve loyalty:** with a branded connected car service, you will connect more deeply with your subscribers in their daily lives by connecting them with their cars in a whole new way. Branded connected services will also help in the fight against churn as a reason to stay with you, as opposed to switching to another operator.

In the United States, the movement is alive and well with millions of mobile subscribers adding connected cars as new lines on top of their existing voice and mobile data plans. In Q3 of 2018, the category of connected vehicles was the biggest contributor of net-adds, building on a trend that began in late 2017. Together with other IoT offerings – including connected smart watches – connected vehicles and IoT devices represented more than 74 percent of net-adds in Q3[2].

Americans can now walk into almost any major operator's retail location, including T-Mobile (SyncUP DRIVE, powered by Mojio), AT&T (Harman Spark), Sprint (Sprint Drive), and Verizon (Hum) and walk out with a 4G LTE connected car device. These devices, when combined with a handy mobile app, give subscribers instant access to a wide range of capabilities that deliver tangible benefits, such as in-car Wi-Fi hotspots, vehicle diagnostic checks, recall notices, and roadside assistance, as well as the powerful emotional benefits that come with knowing that our loved ones are safe on the road. Even prepaid brands are getting in on the action: Metro by T-Mobile (MetroSMART Ride, powered by Mojio) also launched their branded connected car service in Q3 of 2018.

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A branded connected car service represents the most meaningful near-term consumer IoT business opportunity for operators to cash in on. Mojio CEO Kenny Hawk puts it this way: "People don't want to wait for their next vehicle to access valuable connected car features, let alone wait another 10 years for the promise of self-driving cars. But they are willing to spend $10 per month for reliable in-car Wi-Fi and access to actionable data that delivers a smarter, safer and more convenient car ownership experience."

With such a compelling business case for MNOs, the question is no longer why deploy a branded connected car service, but instead how to make the most of this massive opportunity. The answer begins with who you choose to work with. After all, your branded connected car service is only as good as the solution provider that powers it.

Driving Forward: Four Keys to Success

It's critical that MNOs conduct a thorough evaluation of potential connected car solution providers to determine the best fit for their market, which will set the stage for a win-win outcome that accelerates key performance metrics and quickly establishes a profitable business model.

We've identified four keys to success that will help you develop, deploy and monetize your connected car service for the biggest business impact:

1. **Put the platform ahead of the hardware**
2. **Deploy user experiences that surprise, delight and stick**
3. **Don't forget about the ecosystem**
4. **Go-to-market experience matters: best practices**

#1 - Put the platform ahead of the hardware

The connected car is about so much more than the hardware. Whether it's an aftermarket dongle (OBD-II) that plugs into a port and disappears under the steering column, or an embedded telematics control unit (TCU) installed on the production line, you should consider the hardware to be an enabler for your connected car business, not the business itself.

The connected car journey begins in the platform, where a fragmented and complex array of raw telematics data is transformed into meaningful services and valuable insights for your subscribers. This is an important distinction versus other IoT segments like smartwatches and smart speakers, which leverage embedded interfaces (visual and voice) on the hardware itself to deliver the user experience.

To be truly telco-grade, the platform service provider should hit the mark across several technology criteria to meet your strategic goals and go-to-market plans.

These are the five must-have platform attributes:

- **Hardware-agnostic:** In order to future-proof your connected car strategy and avoid vendor lock-in, select a hardware-agnostic platform with a portfolio of working devices from a variety of vendors. Not only will this give you great flexibility and lower supply risk, but it will also put downward pressure on device pricing, savings which can be passed onto your subscribers to lower the barriers to entry.

- **Massive Scalability:** The platform needs to be *proven* to support hundreds of thousands of simultaneous connected devices across multiple regional jurisdictions, while maintaining 99.9% uptime SLAs and ensuring GDPR compliance in European markets. Also, be sure to consider the 'DevOps' capabilities from the provider, including real-time monitoring, automatic status alerts and response times, should issues arise.

- **Highly Secure:** The platform provider must be able to pass enterprise-grade security audits and third-party penetration testing from a firm of your choosing. Platform service providers that have their own internal security protocols and value-added partnerships with cloud security leaders will deliver even more strength in this category on the security front.

- **Expandability:** The days of traditional TSPs (Telematics Service Providers) are long gone; today's telematics platforms need to be architected with expansion in mind and should feature a robust offering of well-documented APIs, home-grown SDKs and a product roadmap focused on continuous improvement. This is particularly important when it comes to deep integrations with MNO billing and identity systems, which will ensure the most fluid experience for your subscribers.

- **Big Data Capabilities:** With a car data monetization market of at least $750B expected by 2030[1], selecting a solution provider with the capabilities to not only ingest, process and cleanse telematics data, but also securely and cost-effectively store it for future big data projects and monetization opportunities, is the gold standard.

#2 - Deploy user experiences that surprise, delight and stick

The mobile app experience is where the connected rubber hits the road, and where the overall value of the service is measured by your subscribers, often in the form of stars (1 to 5). It's where trust is earned, loyalty is nurtured, value is delivered and "wow" moments occur. On the other hand, it's also where the most pain and frustration can occur without a thoughtful approach to user experience design. The connected car space is no stranger to poor user experience, with notoriously low app store scores.

Despite the perceived advantages of complete access to the inner workings of the vehicle, major automakers struggle to deliver highly-rated app experiences to their customers. In February of 2019, Mojio researched active connected car apps in the United States from 10 major automotive brands. Notably, Tesla was the only brand to deliver a 4+ star rating on both Android and iOS, while Mercedes sat at the bottom of the barrel with an average of just 1.7 stars. Across this group, the average Apple App Store rating was a measly 2.3 stars, improving slightly to 2.6 on Google Play.

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Meanwhile, savvy operators, despite having no direct expertise in the automotive space, are delivering 4+ star connected car experiences in volume. Mojio's white-label app, Motion, has been deployed nationwide via T-Mobile as T-Mobile SyncUP DRIVE and MetroSMART Ride. These two apps, across both Android and iOS, averaged a 4.0 star rating in February of 2019. Verizon has also broken through the 4 star ceiling with its HUM service. A 4-star app experience isn't just a proof point of well executed design, though – it's also a great gauge of subscriber retention, brand loyalty and value delivered, all of which directly impact the operator's bottom line.

In addition to being able to manage the in-car Wi-Fi hotspot, your subscribers want an app that delivers a strong core experience based on telematics data, including live vehicle tracking and geofencing for intuitive family coordination, vehicle diagnostics and health checks to understand and diagnose car trouble, and detailed trip history for easy business expensing and mileage reimbursement, to name a few.

Beyond the core experience, look for the secret sauce or key feature differentiators, which may take shape in the form of specialized crash detection and emergency response services, anti-distraction capabilities, proprietary driving scoring algorithms, or helpful integrated services (see next section). Providers that are closely tied to the automotive industry, via major Tier 1 suppliers and automotive service providers, will be able to leverage unique data sets and capabilities that can elevate your branded connected car service. For example, Mojio and Bosch have collaborated on an [integrated emergency response solution](#) that combines Bosch's proprietary crash detection algorithm and emergency call (eCall) services into Mojio's white-label connected car offering for operators. High-value add-ons like this can truly elevate the experience for your subscribers.

In addition to looking at app store feedback, it's critical to assess the solution provider's strategic approach to user experience design. We recommend asking the following questions and digging deep into the answers:

- Do they actively research the needs and desires of car owners and drivers?

- Do they conduct primary user research or rely on third party data? Do they have an active beta testing program?

- Do they have user personas that align with the core value props and benefits of the service? Do they challenge them on these personas to see how they are defended?

- Do they have a roadmap for the future that includes value-added services and integrations?

- Do they measure user engagement and retention? What kind of strategies are at play here?

#3 - Don't forget about the ecosystem

What comes to mind when you think of car ownership? For many, it's the time and money associated with all of the services

needed to keep you safely and reliably on the road: fuel, tires, insurance, maintenance, repairs, warranties – the list goes on and on.

Ted Serbinski of TechStars Detroit said it best: "The day you take possession of a new car, you have unwittingly become your car's general contractor, forced to constantly re-organize and schedule things such that your vehicle can be at the minimum functional, and hopefully, legal. These non-trivial set of services represent an aggregate of $400B annually within the US economy, but have all the organization of a dog's breakfast."

Based on a recent study by the American Automobile Association, the average cost of owning a vehicle in the US is $8,849 a year, or about $737 a month. That kind of investment positions vehicle ownership as the first or second-largest expenditure category for most people.

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Simply put, car ownership is expensive and complicated. What if you could help your subscribers save time and money, all while making car ownership more convenient? This is where the automotive ecosystem comes into play and where your branded connected car service can extend well beyond connectivity and deeper into the automotive value chain.

When assessing potential solution providers and their ecosystem capabilities, you should have two core actions:

1. Review their existing ecosystem partners to see what they have today

2. Determine how effective they will be at integrating localized partners

With roots as an open platform for connected cars, Mojio delivers on the promise of the automotive ecosystem with a growing range of integrated partners, including Amazon Alexa for voice services ("Alexa, how much fuel do I have?"), Bosch for industry-leading vehicle diagnostic data and service shop referrals, RepairPal for on-demand access to local repair shops and cost estimates. We've done the hard work so that our MNO customers don't have to.

What about localization? The best roadside provider in Germany certainly isn't the same as it is in US or Australia. Telekom CarConnect in Germany partnered with ADAC, Europe's largest car club, to provide integrated roadside assistance in their branded connected car service. In the US, T-Mobile selected Allstate Motor Club as the provider of choice. This is why it's critical to ask the provider about the cost and timelines to bring local service providers to market in your branded app. Be sure they've done this before, or you will end up wasting time and resources.

Why roadside assistance? By including free roadside assistance in your monthly connected car service, MNOs can decrease the barriers to entry and instantly deliver tangible value in the form of cost-savings - annual roadside plans often cost at least $100/year. It also makes for a simple, high-value benefit that is quick and easy to pitch in a busy retail environment.

As the adoption of your connected car service grows into tens thousands of subscribers, an exciting new revenue opportunity is unlocked, one that McKinsey calls at least a $750B market by 2030:[3] the car data monetization market[2]. At first glance, that opportunity may seem to be locked up by the automotive manufacturers, but the reality is that MNOs have the potential to take a very large slice of the pie. For example, in just over two years, Mojio's cloud platform has ingested, processed, cleansed and stored more than 7 billion miles (11+ billion kilometers) of real-world trips with detailed telematics data across three dimensions: behavioral, diagnostic and contextual. By working with a data-savvy solution provider, you'll be well-positioned to not only deliver high-value in-app services, but effectively monetize the data via referrals, lead generation fees and revenue-sharing. To put this perspective, you can generate $120/year from the monthly subscription, but many insurance carriers are willing to pay up to $80 for a qualified new policy lead.

A provider that delivers a scalable platform, a desirable user experience and strong ecosystem offering with data monetization capabilities will position your service for success. Bringing it to market quickly – on time and on budget – with the right marketing mix is the next key to success.

#4 - Go-to-market matters: lessons from the field

The connected car is not another smartphone, nor a tablet; it's not a simple mobile hotspot and it's not an add-on. The connected car is both a service and an experience, and the importance of understanding the customer journey that comes with it should not be underestimated. As with other offerings in the burgeoning consumer IoT opportunity, the connected car

is a whole new category, and with it comes a fresh approach to sales, marketing and customer care.

While great technology is at the core, it's only part of the go-to-market puzzle. Best-in-class solution providers will offer invaluable breadth of expertise, and will also be able to articulate the benefits of the connected car services in consumer-friendly language. Ideally, the solution provider has an established set of best practices for launching a connected car service, and is ready to support efforts in creating messaging bundles, educational and promotional content, corporate sales training documents, point-of-sale (POS) materials, and so on. ***Ask potential solutions providers for examples from prior launches and a draft go-to-market launch plan.***

> ## Technology is key, but it's only part of the go-to-market puzzle.

Based on the successful launch of nine (9) branded connected car services in six (6) countries in a period of only 24 months, we've consolidated our best practices into four categories:

- Launching On Time, On Budget and On Quality

- Marketing Services & Support

- Sales Training and Ambassadorship

- Pre-Launch and Launch Activities

Launching On Time, On Budget and On Quality

The speed at which you launch your branded connected car service is a critical success factor and yet another reason why MNOs should select a solution provider with a proven, market-ready offering. But how fast is too fast? Obviously, the sooner you get to market, the more quickly you make progress towards your key business metrics. But, just like driving on the autobahn, with great speed comes great responsibility, or in this case, a need for great leadership and precise project management.

Given that this is a relatively new category in a rapidly emerging space, we recommend a minimum of 75 days for fast-moving, aggressive operators, and a more methodical 90 to 120 days for operators making their first move into consumer IoT. For reference, two of Mojio's MNO customers have successfully launched their connected car services in just 90 days: from project kick-off to in-market availability.

Here are a few tips for a speedy, well-managed launch:

- Secure ownership at both the executive and product levels of the organization, as this will pay big dividends closer to launch; put your best program/project manager on the job

- Create a simple but powerful table of stakeholders from the operator, the solution provider and the hardware vendor; include email, phone number and location (time zone); circulate this out to all relevant parties

- Host an in-person kick-off day at your headquarters with your connected car solution provider and hardware vendor; the agenda should consist of an introduction, product demo, case studies and open Q&A. Even better, stream it, record it and share it with an even larger internal audience afterwards

- Schedule weekly touchpoints through to the target launch date and kick off each meeting with an agenda and an update of 'days remaining until launch'; this will nurture a culture of commitment and urgency

Marketing Services & Support

The right solution provider won't only help you get to market quickly, they will also deliver significant value in the realm of marketing support and services. While operators are more than capable of tackling many of these marketing deliverables themselves, a collaborative, value-added approach will save your team time, money and frustration.

At Mojio, we have three marketing pillars that every branded connected car service needs to attract, inspire and convert prospects:

- **Messaging:** Strong solution providers will deliver a solid foundation of consumer messaging and value propositions to build upon, making it easy to quickly develop meaningful, on-brand positioning for your subscribers. Effective messaging pays dividends internally (helping you efficiently educate and engage stakeholders and retail teams) and externally (attracting interest from your base and clearly communicating the value of your service).

- **Educational Content:** In the early days of consumer IoT, less is definitely not more; selling a connected car service is a more fluid effort when you've got a basket of helpful, branded content to rely on. Whether it's a suite of use case videos that showcase the real-life scenarios for the technology, or an easy-to-follow quick start guide to build confidence during the setup phase, you should be able to rely on your solution provider to quickly and cost-effectively develop helpful content and collateral that pulls your target audience in. This content should be leveraged in-store, online, on social media channels and in training programs.

- **Experiential Merchandising:** Interactive experiences bring the technology to life for prospective subscribers, enabling a true 'show and tell' kind of selling experience. At Mojio, we've custom-developed interactive experiences for retail environments that leverage key features and benefits, video content, and offer our vehicle compatibility checker. In addition to that, we always provide a customized demo account to enable any and all sales reps to instantly showcase a rich connected car experience on any iOS or Android smartphone.

When executed with precision, the above pillars form a foundation for success.

Sales Training & Ambassadorship

As outlined above, selling a connected car service is very different than selling a new smartphone, or a family plan of voice and data lines. Ensuring that your channel is properly prepared and eager to sell is of the utmost importance. Here are three components that will empower your salesforce to drive conversions:

- **Training Documentation:** Your connected car solution provider should proactively prepare sales training documentation that aligns with the launch-version of the mobile app experience, including a detailed breakdown of core features and benefits, a comprehensive FAQ and a summary of the onboarding the setup steps.

- **Demo Account:** In an ideal world, most of your sales force will be an active user of your branded connected car service; reality is never that rosy, so you need a rock solid alternative that can be deployed en masse. Mojio works with its operators to customize a 'read-only' sales demo account that be used by any sales rep with the production version of your connected car app, on any iOS or Android phone.

- **Ambassador Program:** To take training to the next level, you need to build a network of connected car experts across your retail sales organization. Mojio, in collaboration with one of its North American operators, has developed and deployed a nationwide ambassador program that has developed a community of SMEs by leveraging modern eLearning software and incentivizing participation.

Pre-Launch and Launch Day Activities

With an innovative service that carries your valuable brand, there is a single window of opportunity to make the biggest, most effective splash in the market. Launching should be about much more about inventory availability; it should also be about building momentum and telling your brand's IoT story.

In the weeks leading up to launch:

- Prepare a detailed reviewer's guide for targeted journalists and press, giving them early access to try out your service

- If your brand is strong on social media, consider building out a pre-launch campaign using micro-influencers like Telekom Deutschland did with its launch of Telekom CarConnect

- Host a campus-wide walk-through in your cafeteria or lounge spaces, including branded signage and swag to build awareness and excitement at the corporate level

On launch day (or 24 hours prior to):

- Issue a press release announcing your service, including key features and benefits, highlighting any differentiators and special pricing offers

- Enable your connected car solution provider(s) to issue their own press release, effectively amplifying the overall market impact

- Offer exclusive promotional pricing related to the launch

Next Steps

If you are an MNO interested in launching a branded connected car service, we are happy to provide you with a demo of the latest version of our white-label app – please contact us at info@moj.io

Connected Car Services: An Open Road for MNOs

The market for connected car services is fertile, and for MNOs, the time is now. Through the combination of a thoughtful solution provider search and the development of a sound go-to-market strategy, MNOs can pursue the huge growth opportunities enabled by connected car services. And soon enough, consumers will find that their MNO has become much more than a mobile phone and data service provider – it is the brand that is providing them (and their loved ones) with a smarter, safer and more convenient car ownership experience.

Endnotes

1. https://www.counterpointresearch.com/125-million-connected-cars-shipments-2022-5g-cars-2020/

2. http://www.chetansharma.com/publications/us-mobile-market-update-q3-2018/

3. https://www.mckinsey.com/industries/automotive-and-assembly/our-insights monetizing-car-data