

Keynote

# Digital Transformation in the Automotive Aftermarket



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PROTEMA Unternehmensberatung GmbH

# Agenda



- 1. PROTEMA Company Presentation**
2. Digital Transformation and New Business Models in Value Creation and Customer Service
3. Service Journey and Success Factors – Strategic Alignment for Service Excellence
4. Digital Transformation – Strategy and Roadmap

# PROTEMA Company Profile

## Personalities not principles move the age



**PROTEMA** represents since 1996 the **PR**ocesses-**O**rganization-**TE**chnology-**HuMA**n Ressources

### Facts and Figures

Consultants 15/16:	54
Revenue 15/16:	8,4 Mio. €
Number of Employees:	<b>73</b>
thereof Consultants:	<b>56</b>
thereof Students:	<b>8</b>

### Companies

- 1996: PROTEMA Unternehmensberatung GmbH
- 2005: PROTEMA North America Inc
- 2002: LOPREX GmbH Change & Enabling
- 2013: LOPREX GmbH Software & Solutions

### Services

- Consulting
- Industrial Planning
- Software and Solutions
- Project & Change Management



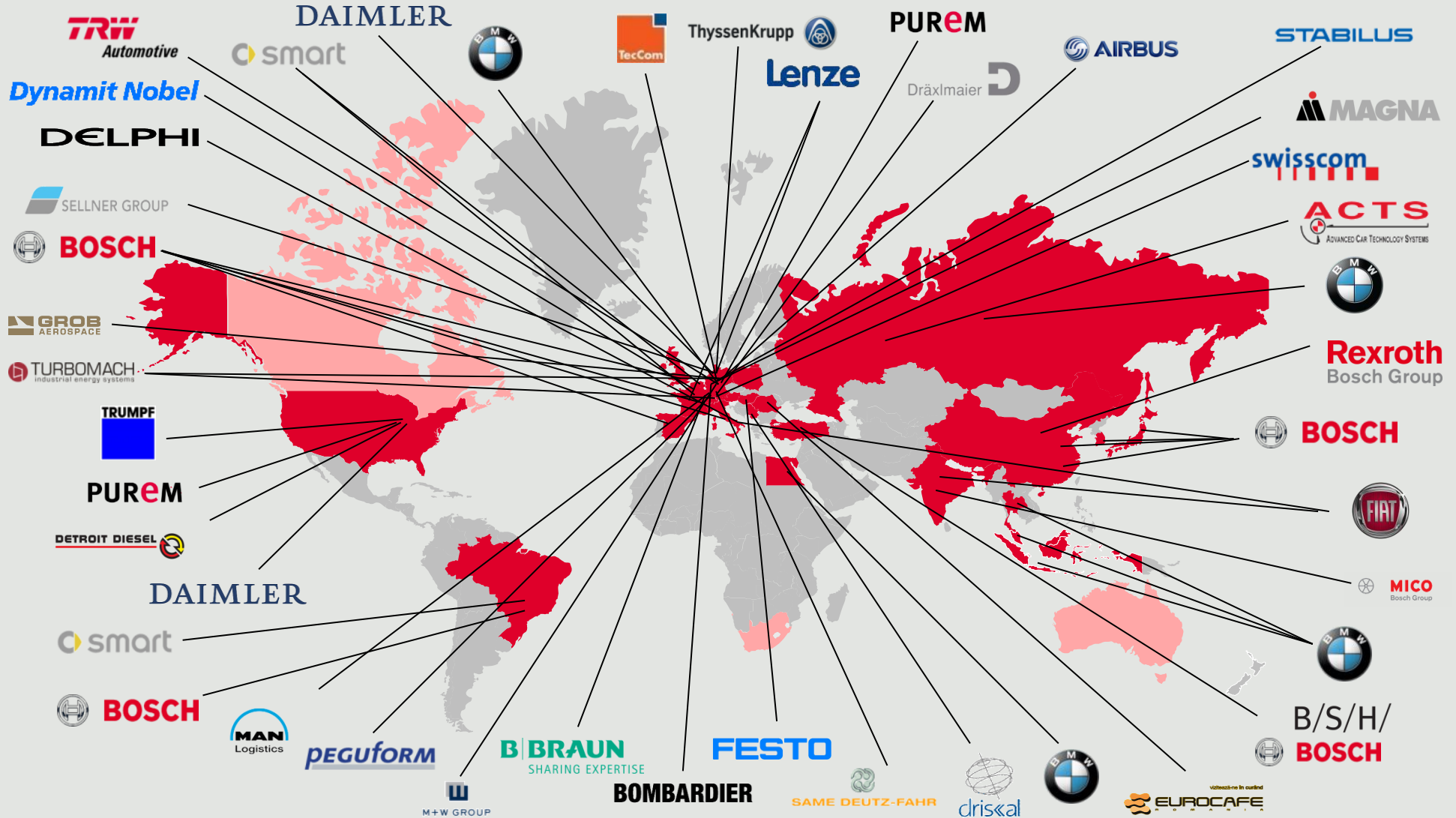
### Your Satisfaction is our asset



since 2005 DIN EN ISO 9001:2008 certified  
 International Organization for Standardization  
 Quality is our requirement –  
 Customer satisfaction our asset

# Our Areas of Operation

## Experience – Language – Culture



# Agenda



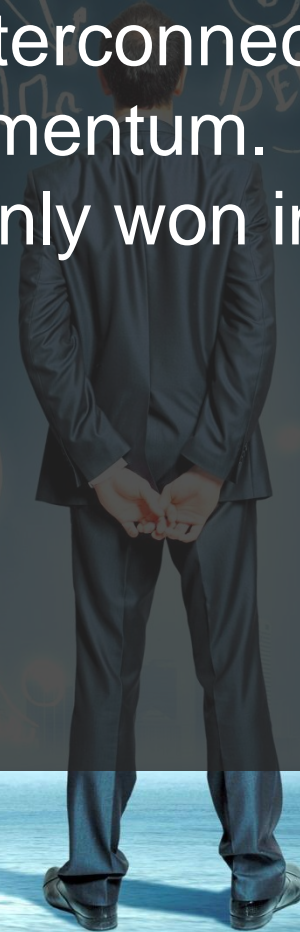
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Strategic Alignment for Service Excellence
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# Digital Transformation drives the Fusion of the Real and the Digital World and enables New Business Models



The development of the digital interconnectivity will continue to gain massive momentum. Global competition is no longer only won in the real but also in the digital world.

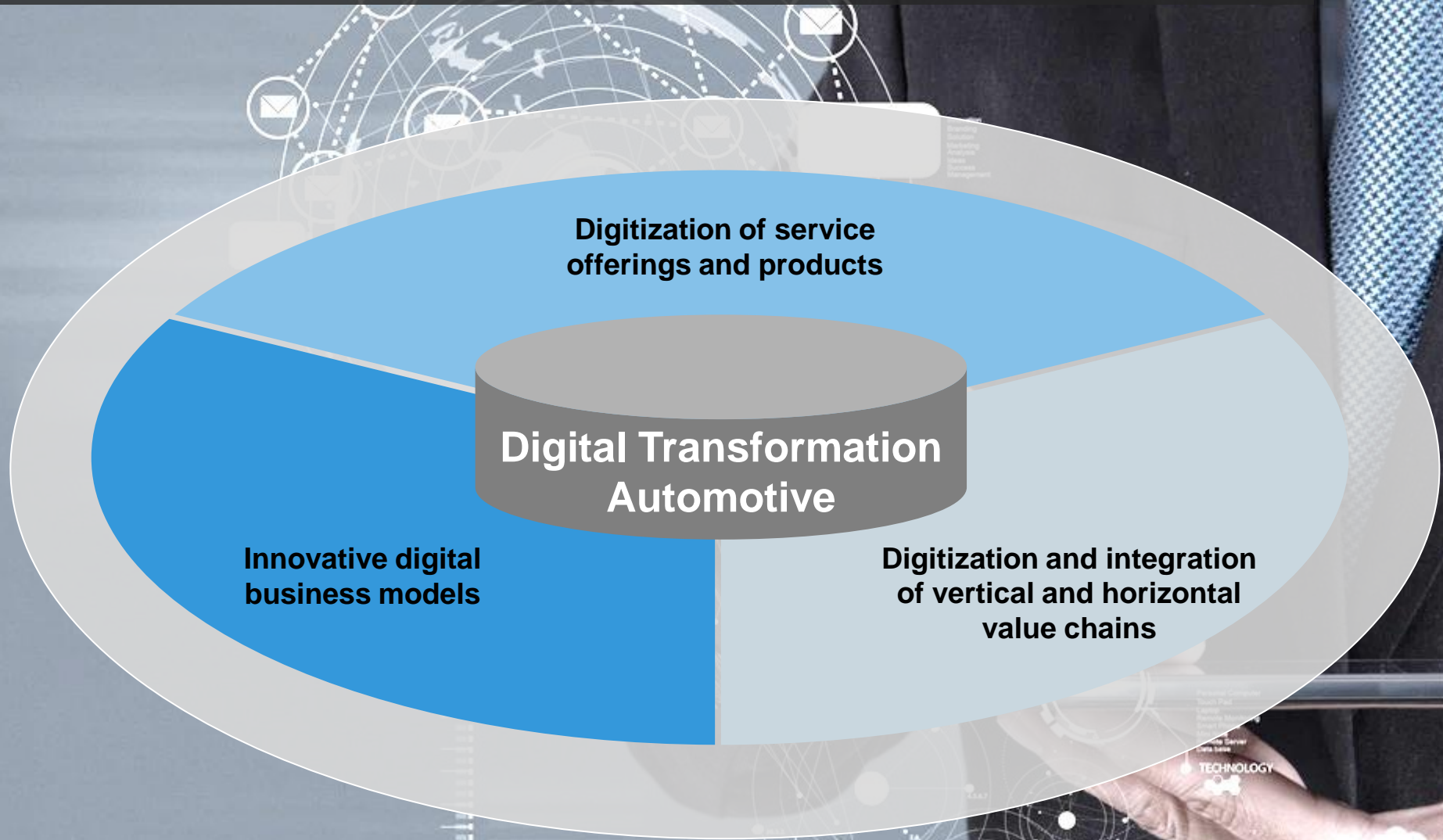
DIETER ZETSCHE  
CEO, Daimler AG



# The 3 Dimensions of the Digital Transformation

## Drivers for the future in the automotive aftermarket

PROTEMA



# Trends in the Automotive Aftermarket

## Changing market structures and requirements



### INCREASING COMPETITION & NEW COOPERATION MODELS

- Competitive fight between different market players on OEM, OES and IAM side for customers and market shares
- Intermediates, for example insurances, car rental companies, fleet operators, and UBER are massively influencing the repair and service market
- The competition in the market for services will increase further due to new business models

### STRUCTURAL CHANGES

- IAM and OES structures are steadily growing closer together as both are acting on all service levels, leading to a conversion of IAM and OES Sales Channels
- The border between the automotive sector and IT sector is fading
- Market entry barriers for service providers will decrease significantly

### CUSTOMER REQUIREMENTS

- Digitization leads to new and changing customer requirements as well as an increase in the demand for additional after sales services and benefits
- Need for mobility assurance during workshop visits including pick-up service and rental cars
- Fleet operations and insurances need additional information about driving behavior, choice of workshop and workshop visits



# Challenges for future business

## Hurdles and barriers



- Concentration only on selective and particular improvements of the own production, logistics and service processes
- Products and services are only slowly adapted to new opportunities
- No strategic alignment to a consequent digital transformation of processes, products and services along the entire **service journey** with focus on comprehensive customer care



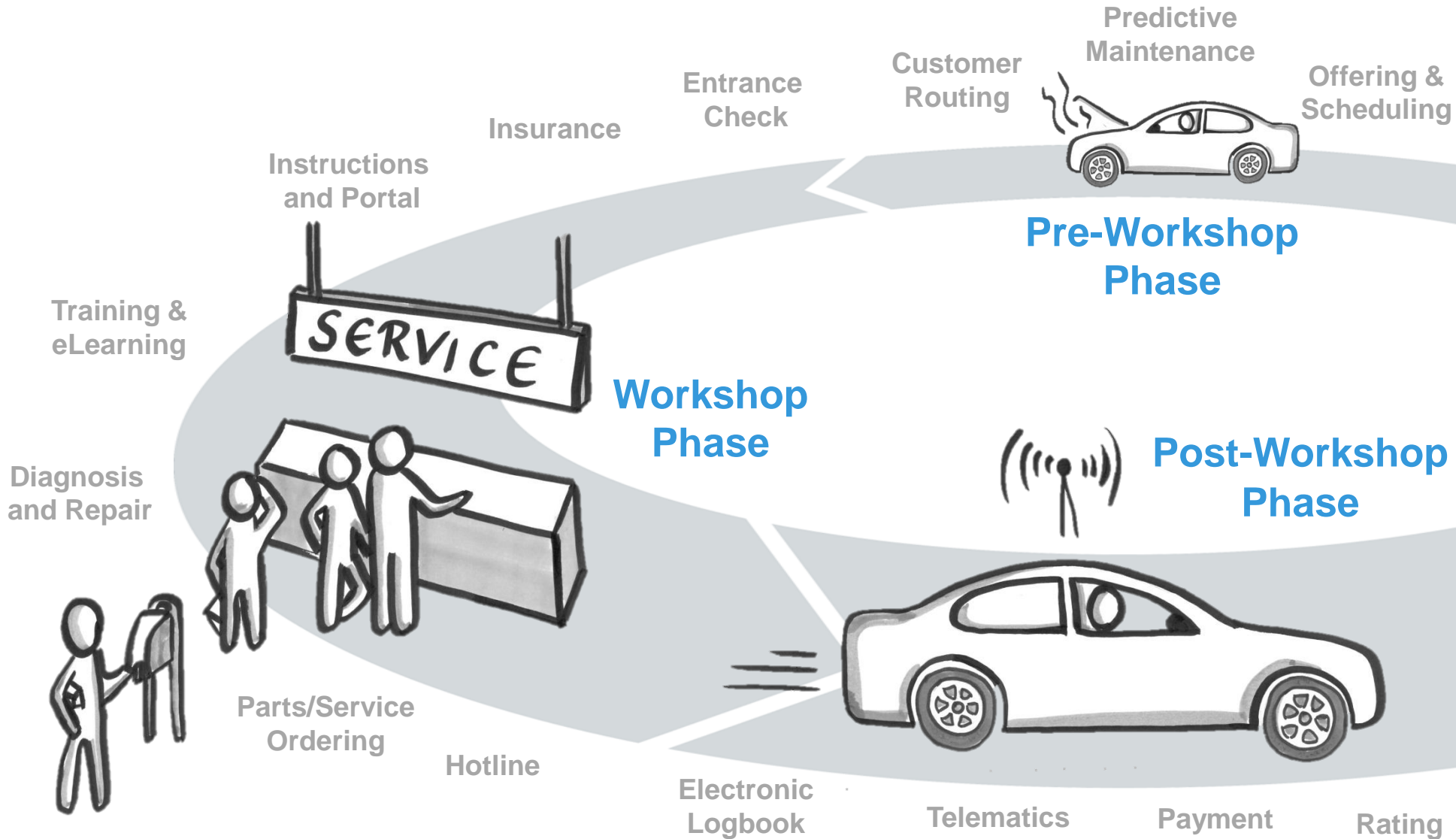
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# Service Journey

Influence on user's experience at every touchpoint



# Service Journey

## Possible success factors



### PRE-WORKSHOP PHASE



Continuous connection and interaction with customer and consumer of mobility solutions and services via new technologies

### WORKSHOP PHASE



Vertical and horizontal integration of new technology concepts to increase efficiency and quality

### POST-WORKSHOP PHASE



Continuous collection of data for new and customized service offerings

# Pre- and Post-Workshop Phase

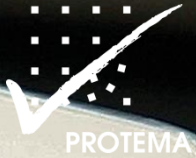
## Data-driven services



- Connected offering and scheduling simplifies communication processes between customer and workshop
- Predictive maintenance and remote diagnosis prevent breakdowns and create a foundation for efficient workshop visits
- Online driving portals enable market players to a more robust understanding of customer requirements
- New data-driven services (e.g. usage-based services and benefits) increase user experience and customer loyalty

# Workshop Phase

## Digitization along the entire value chain



- Service technician support systems increase efficiency and quality of repair and maintenance processes (e.g. augmented reality)
- Digitized and connected supply chains allow transparency along the entire value chain by solution and partner integration
- Digitization workshop processes in order to simplify daily business (e.g. automated entrance check, automated workplace adjustment, automatic documentation of service activities)

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# Digital Transformation

Strategy and roadmap up to next-generation servicing



New Business Models – Supplier Side

New Business Models – Customer Side

## Business Models, Customer Experience and Service Journey



Image Source: DB Schenker

## Operations



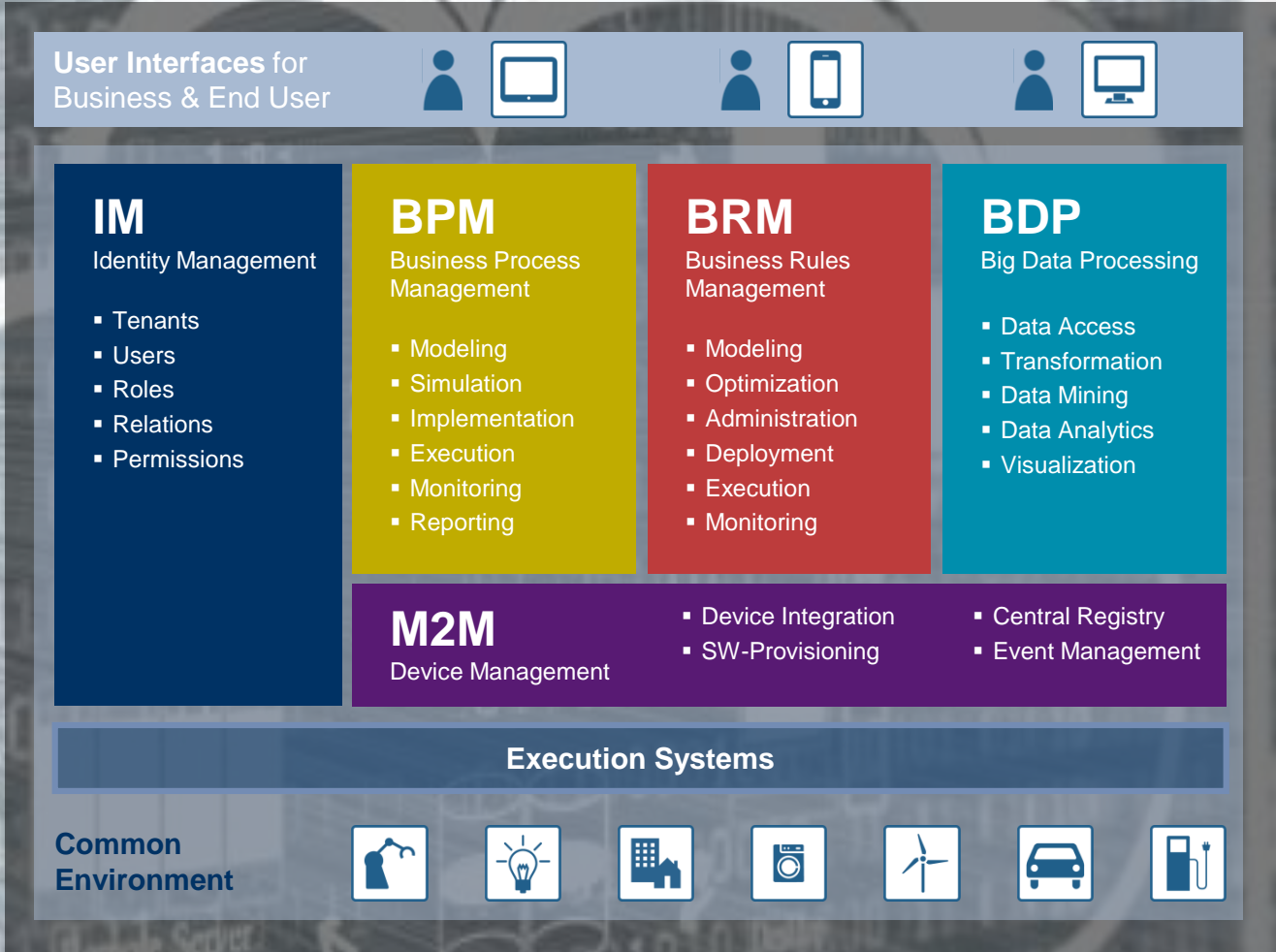
# Digital Transformation Framework and IT-World



VARIETY OF OBJECTS

HUGE AMOUNTS OF ALWAYS AVAILABLE DATA

COMMUNICATION VIA THE INTERNET OF THINGS, SERVICES & PEOPLE



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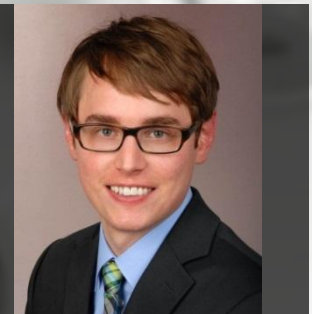
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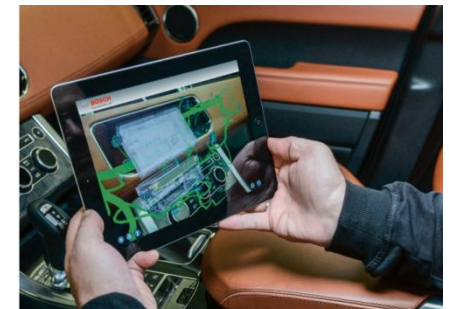
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# Backup

# Connected Workshop

- Continuous connection to customers' cars to collect data
  - Information about operation status and stress on components
  - Combination of usage data, former repair data, fleet experience etc.
  - Preventive maintenance based on smart algorithms
  - Predictive maintenance
- Execute test procedures via telematics to prepare and shorten upcoming workshop visits
- Automated communication with customer to recommend service activities and schedule workshop visits
- Identification of the car by arrival (e.g. scanning license plate)
  - Automatic inspection/checks of several functions (battery, tires, chassis geometry, fault memory etc.)
  - Generation of electronic job card with all necessary information about upcoming service activities
- Service technician support
  - Online manuals and instructions / Augmented Reality
  - Connection to remote experts
  - Knowledge database
- Automatic documentation of service activities



- Digital commerce (online retail, mobile sales)
- Digital communication (telematics, info/catalog apps/websites)
- Digital service (e-diagnostics, use of augmented reality in repair)
  
- Next-gen technicians will be more likely to look up an app for diagnostic codes or product details than call the customer service helpline.
  
- The supplier will have another avenue of feedback -- a real-time touchpoint, if you will -- with its customers.
  
- On the other end of the spectrum, digitization can finally allow suppliers -- particularly those that have a very diverse portfolio -- to sell their products directly to customers with minimal supply chain costs. And, theoretically, they could do it anywhere around the globe. For smaller suppliers in particular, digitization opens up the world.

- For instance, predictive analytics will allow service shops to anticipate when a particular component may fail. They can notify the distributor or supplier about the imminent demand, leading to better inventory management strategies. I think, for suppliers, on-time delivery may become the most pressing issue, likely a bigger concern than pricing and quality.
- I think service aggregators have the potential for tremendous impact on the e-retailing and service market. Websites, such as RepairPal and AutoMD, work like a TripAdvisor or Expedia for the aftermarket, connecting consumers to automotive service providers.

## Future Stores

### AM Impact

- Automotive OEMs (eg. Audi, BMW) taking lead in “futuraizing” stores, with about 100 digital stores expected to be opened by 2020. **Parts retailers and service shops should focus on express formats that facilitate on-the-fly customers, instant mobile appointments, as well as facilitate cross-shopping (common household items, toys, accessories) and more attractive non-repair formats that attract more women (eg. Pep Boys in U.S.)**

## Omnichannel Retailing

### AM Impact

- Parts purchasing and service fulfilment will likely become more hybrid in the future. Customers will purchase parts through multiple platforms – both service provider owned (traditional store, pop-up store, mobile store) and third-party owned (eg. Amazon, eBay). Depending on the nature of repair work, the service could be provided remotely (i.e. software update) or physically (at service shop, through mobile truck etc.)

## Connected Retailing

### AM Impact

- Technology is converting buyers, including into multi-channel shoppers, partially shifting the point-of-sale to online channels. **Purchasing service on-the-go, remote participatory service, customer loyalty through app gamification, and augmented-reality repair media will become more common.**

## New Business Models of Retailing

### AM Impact

- Advent of new retail formats. E.g.: Facebook stores, mobile apps for aftermarket services
- Development of new approaches to customer loyalty. E.g.: through the influence of social media, loyalty reward programs for car servicing will be awarded to users based on 'recommendations on Facebook' rather than number of physical visits
- Convergence of mobile connectivity and telematics will enable in-vehicle purchases, LBS promotions

## Engaging Retailing

**AM  
Impact**

- Information, interaction, and analytics will be used to engage the customer at all stages of the purchasing cycle  
E.g. : dealers under the same brand will recognise (returning) customers, with 'product geniuses' tailoring their assistance to personal requirements and previous shopping patterns.

## Last Mile Logistics

**AM  
Impact**

- Advent of 'Click and Collect' aftermarket services: development of complete online services for the aftermarket – customers book a service online with technician inspecting the vehicle at a drop-off point or at home; spare parts online order with video tutorials or fitting by third party workshops.

## Big Data Retailing

**AM  
Impact**

- Analytical tools to collect and segment customer data and to create inter-linkages between information sources. A combination of big data and location-based capabilities will revolutionize the aftermarket with personalized offers on services, such as insurance, maintenance, spare parts, entertainment, fuel. Aftersales services will become more pro-active than re-active through predictive selling based on location, destination, type of vehicle, etc.



# Aftermarket Evolution

## Aftermarket Evolution: The 360° Integrated Customer Journey

The Dynamic Customer Decision Journey: from social commerce to online store analytics and big data analytics

