

**WHATS IN THIS QUARTER'S ISSUE:**

**SPOTLIGHT**

Connected cars bring a whole new dimension to business strategies

**PAGE ONE**

**COMMENT**

EU- wide emergency alert system

**PAGE TWO**

**INTERVIEW**

Big answers to big questions

**PAGE TWO**

DECEMBER 2016 / JANUARY 2017

## SPOTLIGHT ON THE AFTERMARKET AND THE CONNECTED CAR

Pravar Gautam, Vice President EMEA & Asia

“A recent European Commission study suggested that all new cars are expected to be equipped with digital systems that warn drivers about traffic, road works, weather and approaching emergency vehicles by 2019.”



New technology is evolving at a faster rate than it can be implemented and we are witnessing consumer demands across the globe changing. Our customers expect their devices to be smart and connected. The Internet of Things (IOT) is fuelling this evolution and the automotive market is one of the industries beginning to see dramatic change. A recent European Commission study suggested that all new cars are expected to be equipped with digital systems that warn drivers about traffic, road works, weather and approaching emergency vehicles by 2019. As you will know, industry always moves faster than the regulators!

At Scope and across the telematics and car industry, technology is being created to bring the “Connected Car” to reality. This technology is helping auto servicing centres, workshops and other types of consumer service providers offer a variety of useful applications for their clients, while generating new revenue streams and increasing customer loyalty.

Connected cars bring a whole new dimension to business strategies across the automotive market. In the past, the relationship between an OEM and the customer has only directly existed at the point of car purchase. However, with the rise of the connected car, companies can help this relationship continue – enabling them to engage more closely with the customer and offer tailored products. For example, during a car’s lifecycle, repairs and maintenance are inevitable. Previously, customers would turn to a third party chain shop for these services – but the data collected from connected cars enables OEMs to monitor vehicles’ health and approach the customer when repairs or

maintenance is needed. This presents a huge profit opportunity for the aftermarket.

### What can new technology actually do?

New technology is dedicated to simplifying car ownership for loyal customers and this can include providing the automotive and aftermarket with solutions that give drivers detailed maintenance alerts and offers via a connected mobile, web or in car app.

Data sent through telematics devices and platforms can also help breakdown and servicing calls with detailed information on issues directly from the car to the service provider, meaning issues can be diagnosed quicker. It enables aftermarket providers to source the appropriate parts quicker and helps to build longer lasting relationships with customers.

Major car manufacturers are beginning to understand the opportunity with Nissan’s global after-sales stating earlier this month that connectivity “will allow us to retain more service customers” across our dealership network. Telematics is an integral part of the connected car and is the key behind the transmitting car and driving data long distances back to a central system to be analysed.

This data is analysed by car manufacturers and aftermarket service providers to improve and tailor offerings to customers. This includes up to date analysis and deals on maintenance, service and repair. Insurers are using driver data to assess drivers risk profiles, determine transparent prices for their premiums and settle claims more quickly.

## WELCOME

Welcome to the latest edition of the Scope Technologies newsletter. If you aren’t interested in receiving the newsletter on a quarterly basis in the future, please click [here](#).

You can also follow our regular news and business updates on [LinkedIn](#), [Twitter](#), and [Facebook](#) and these will include a round-up of developments specific to our business, news from the wider market and expert commentary from our senior spokespeople and partners.

## BUSINESS UPDATE

The fourth quarter of 2016 has been another busy one for the Scope Technologies with developments with new partnerships, products and events.

Scope was recognised by L’Argus de L’Assurance (French insurance magazine) for providing the technology behind the Renault Insure in-built UBI solution for their electric vehicle Zoe, which was awarded an innovation prize for connected objects. We have also won a prestigious award from one of the largest European insurers Groupama for their OnBoard integrated UBI product.

In the last quarter, Scope Technologies has also been selected to partner with MSIG Insurance Singapore and a major Mexican insurance carrier to develop their Usage Based Insurance offerings. In Q1 of 2017, we will be kicking off with the announcements of new partnerships across the globe in Colombia, Mexico, France and Sweden.

The team has been seeing clients, partners and prospects across the globe and Christian Terfi spoke at the 2nd Latin American Auto Insurance conference in Miami last month.

## TECHNOLOGY UPDATE

The product teams have made progress with enhancements across our range including Accident Detection services, OBD information, the MZone 6 and MProfiler.

**MZone 6**, our latest and most advanced fleet management platform will be released by the end of the year. Utilising HTML5, it now includes a host of new features such as Working Set, 3D trip replays and a completely new UI for a better user experience.

**MProfiler** has also been developed, adding third party support for over 100 devices and is being used by companies in over 50 countries in five continents – improving data integration processing and allowing clients to further integrate any third party device into our MProfiler platform.

## Q&A: PARTNER INTERVIEW

For further insight about telematics technology in Latin America we talk to Christian Terfi...

**Talk us through your current role with Scope Technologies, and the markets you focus on**

I am the Vice President of Sales for Scope in the Latin American region.

**Where are you based primarily, and how much time do you spend across different regions and business verticals?**

I travel a lot, so I am primarily based on a plane. On ground, I spend most of my time in Mexico, Brazil and Colombia, plus Chile, Peru and Central America. Due to the high interest in Insurance Telematics, I spend considerable time with insurance carriers. I also cover the fleet market, where I get great assistance from our trusted partners in the region.

**What are some of the trends you've been seeing in your focus markets respectively, over the last year or so?**

There has been an enormous growth in the interest for Usage Based Insurance (UBI). At a conference in 2011, South American insurance companies were interested in UBI, but told us they did not foresee this impacting their region until 2020. In addition, Latin American insurers have waited to see the developments in Europe and US and have wanted to wait for the cheaper solutions. This time assumption was a big miscalculation – the speed this industry is moving in is incredible and what they predicted to be the status in 2020 happened in 2015.

The growth in UBI was accompanied by OEM car manufacturers and car importers who became very keen on launching telematics solutions to 'bring the customer back home' – meaning that they want to increase customer locality to ensure they use their services for maintenance. In fleet management, we see significant interest in connecting each vehicle with routing solutions. There is also a great need for telematics platforms that control the fuel consumption and monitoring maintenance activities for the fleet. We launched our Fuel and Maintenance BI modules in 2016 to service these needs. In addition, the platform's APIs allow for the integration of their party routing solutions and ERPs, such as SAP or similar core solutions.

**What is driving these trends? Is it being driven by consumer demands, or a shift in the focus of insurers and tech providers?**

The consumers are forcing the insurance carriers to change their business model. Traditionally, consumers did not have much loyalty or strong connections to their insurer; you did not have any contact unless there was an accident. Now, customers demand more services – they want immediate response in case of accidents and accurate pricing, in addition to value added services like vehicle maintenance notifications and offers supported by the insurance carrier.



### CHRISTIAN TERFI

*Vice President Sales,  
Latin America, at  
Scope Technologies*

This shift is requiring insurers to change the game so they don't lose market shares to new disruptive insurance carriers.

**Purely from an insurance perspective, how does the determination of premiums differ in each of these markets?**

If an insurer looks at Telematics technology with the same holistic approach we have at Scope, both the insurer and the customers could benefit from UBI, better customer care and other value added services offered by third parties. Within each country there is a significant variation of the premiums for the same type of risks, this leads to competition based on prices, which eventually lead to cannibalising of the insurer's margins. The insurance carriers are thus lowering prices to take customers from each other – when there is in fact a huge potential to get more clients. In most countries in the region, it is actually not mandatory to buy insurance and only 30% of passenger cars are insured. Instead of dropping prices and taking customers from each other, insurers should work towards getting more cars insured. With disruptive solutions like Insurance Telematics, insurers can bring something new to the market and increase customer retention.

**How much of an influence has the privacy / data security debate affected the telematics market?**

The privacy debate is a major influencer that everyone in the industry must take into account. It is important that all telematics providers understand that this is a concern for some and that they respect the customer rights. At Scope, we take data security very seriously by working under AES 256 standards for any data collected from the devices/vehicles and we adhere to ISO 27000 standards. We ensure that our customers are properly protected through advanced encrypted technologies, while making sure we apply to regulations across the international regions we work in.

**Looking forwards, what technological developments do you expect to impact the Latin American market? How will insurers and consumers react?**

The technology is already here – now it is up to the insurance carriers to make the most of it. Now, the insurance carriers and the OEMs need to find right partners to build a business and technology ecosystem that will develop stronger solutions. Finally, given that pricing for telematics solutions have dropped, I am confident that both insurance carriers and OEMs will broaden their offerings.

## eCALL TECHNOLOGY TO DRIVE TELEMATICS ADOPTION

**Cyril Zeller, Vice President  
Key Accounts Europe**

In April of last year, the European Parliament voted in favour of an EU-wide emergency alert system. This system – dubbed eCall – will be fitted as standard in all new passenger vehicles from 31 March 2018. With telematics technology essentially a mandatory requirement for new vehicles, we expect take-up by insurers and OEMs to increase dramatically in the two years before and after the legislation comes into play.

In the event of a severe crash, an eCall-equipped vehicle will automatically trigger an emergency call using the existing emergency number. Even in the instance where a passenger cannot communicate themselves, a minimum amount of data collected from the device will send information on the incident to the relevant emergency services. The inbuilt system within the vehicle will enable it to relay the exact location, time, direction of travel, the scale of the impact and whether airbags have been deployed to emergency services. Furthermore, the installation will also allow an occupant to manually alert emergency services via a separate button.

Günther H. Oettinger, a European Commissioner, described the legislation as the "perfect example" of the EU promoting technology that will "save people's lives." Research cited in support of the legislation suggests that the system could reduce response times by 40 percent in urban areas and 50 percent in rural areas. Rescue services will be able to reach crash scenes faster, saving lives and reducing the severity of injuries. It's an important example of how telematics devices can improve safety.

Not only will eCall technology save lives on European roads, it will provide a powerful impetus to the growth of connected car technology and services, such as user-based insurance. From our perspective, the eCall directive heralds a new era of technological and business convergence involving OEMs, mobile network operators, insurers, fleet operators and software companies.