IBM **Center for Applied Insights**

IBM

Digital Disruption is Redefining the Automotive Industry

Mapping new routes for customer-centric connected journeys

"The auto industry is poised for more change in the next five to ten years than it's seen in the past 50"

Mary Barra CEO General Motors

Economic value in the auto industry and adjacent markets will be forever altered

Digital services and empowered consumers will disrupt auto

Companies need to develop new core capabilities to survive

Uberfication – noun

New term describing disruptive technological transformation generated by brands like Uber and Airbnb

OEMs need to create fluid and agile business strategies that embrace a "fail fast" mentality

"It's a strategically expensive time to be an auto OEM"

There's no guarantee that OEMs will take all the prizes digital disruption will bring

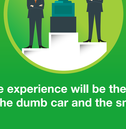
The auto market is starting to morph in ways that are becoming less predictable

The connected car is the poster child for the Internet of Things

The future is connected

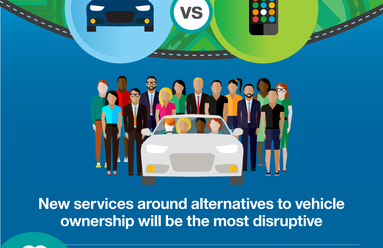
Future winners will be those who can best leverage the world's new natural resource – data

"OEMs offering a superior connected vehicle experience will have a larger share of the spend"



"For a growing segment of drivers the connected experience will influence what to buy or rent"

The in-vehicle experience will be the battleground between the dumb car and the smartphone



New services around alternatives to vehicle ownership will be the most disruptive

Key challenges to address

Changing consumer expectations
Lengthy development cycles
Changes to car ownership aspirations
Competition from new entrants

Key capabilities required

Agile operations
Partnering and collaboration
Sensing and responding to customers
Rapid testing of new business models

To learn more, download the full study from the IBM Center for Applied Insights
visit **ibm.com**/ibmcai/future-auto

Quotes based on interviews with IBM connected car subject matter experts who regularly consult and advise clients across the automotive industry in the United States of America, Japan, China, India and across various European countries. Many have worked previously in roles within auto OEMs and tier-one suppliers. Their collective experience totals 300 years in the auto industry.

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