Telematics – Realizing the Opportunities

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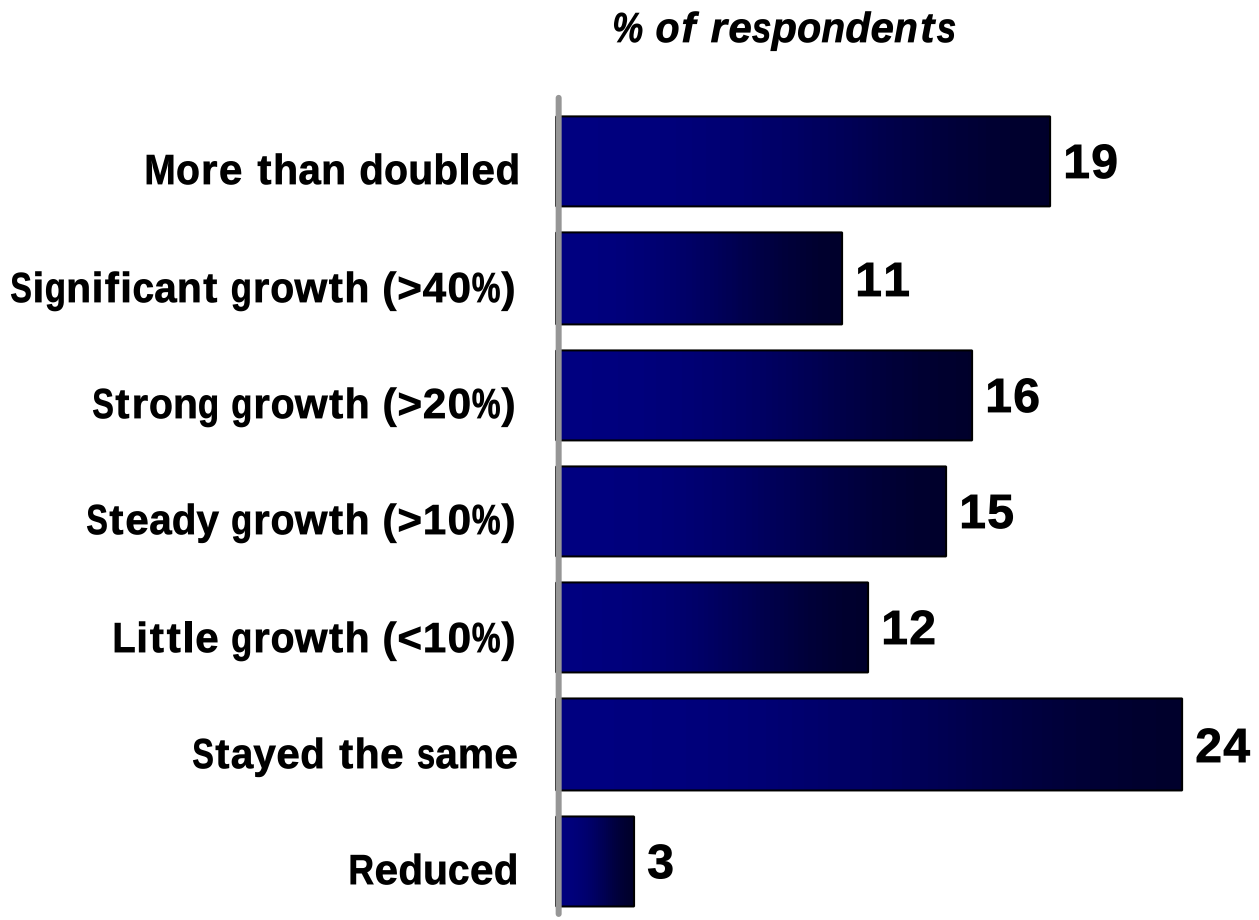
The Market is Growing

"How much has the telematics part of your business grown in the past 12 months?"



Base: Telematics Industry Survey - End 2004

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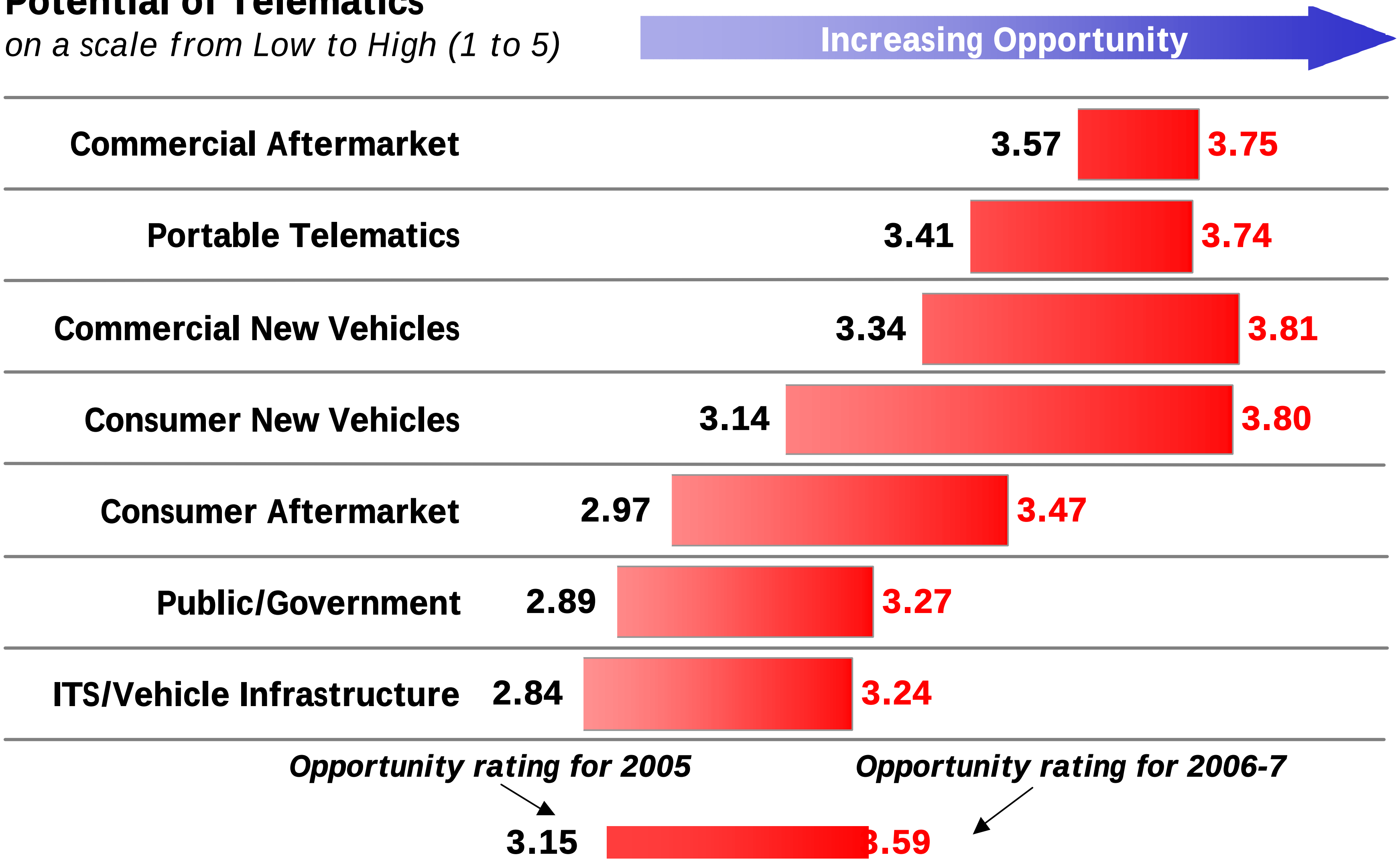
Industry's View of Telematics Opportunity

Potential of Telematics

on a scale from Low to High (1 to 5)



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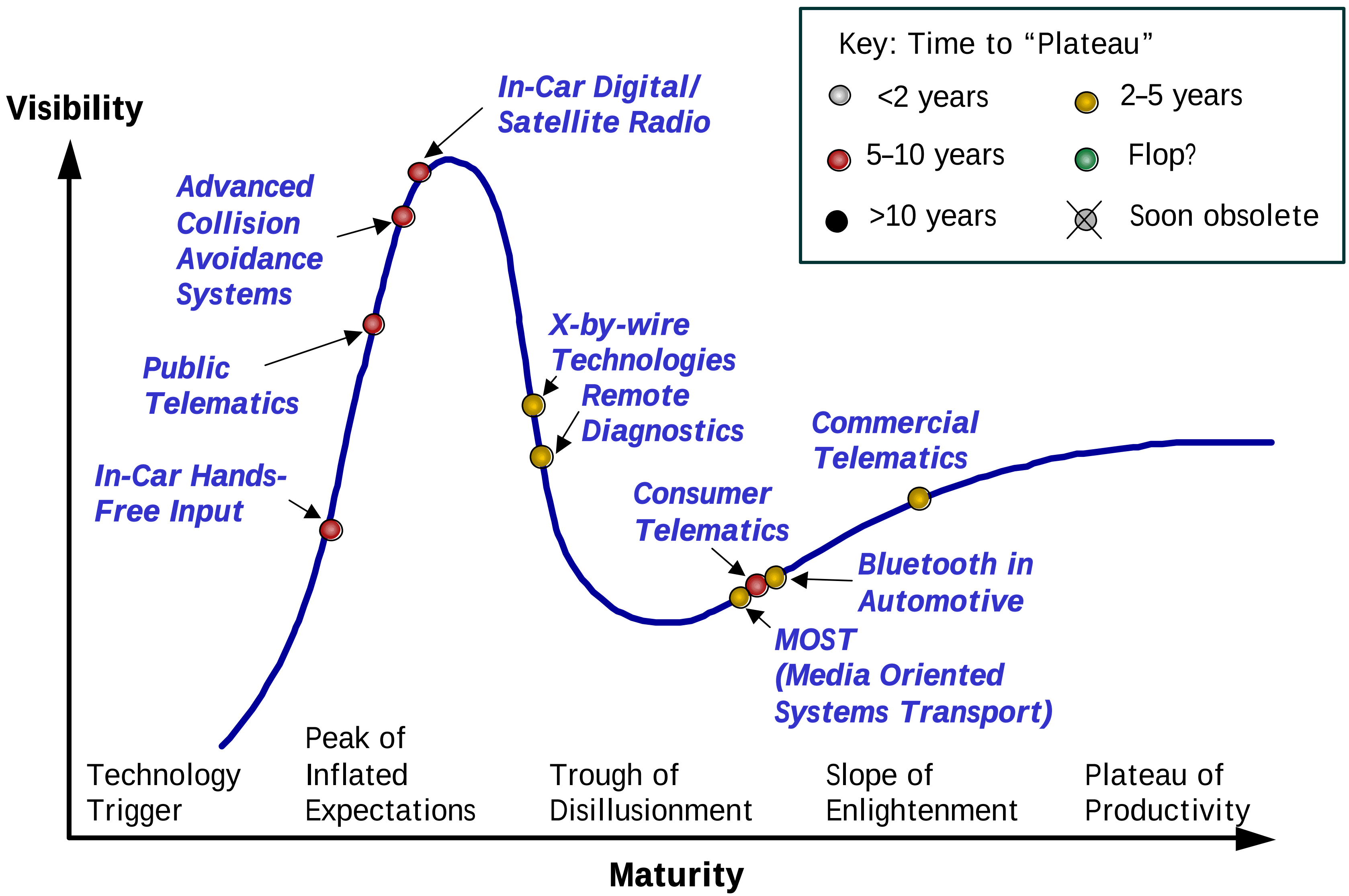
Gartner Hype Cycle - Telematics



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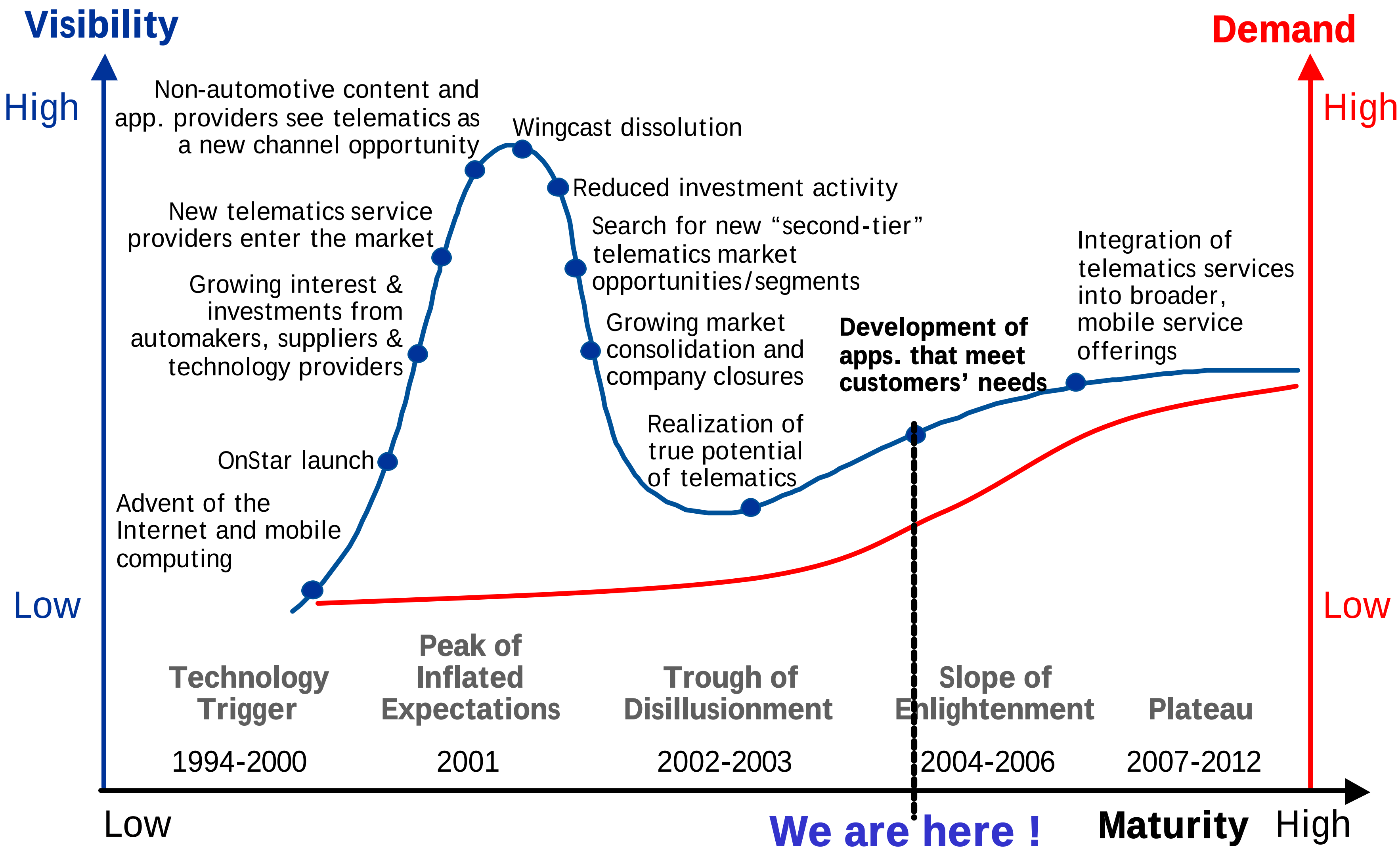
Telematics Hype Curve - Consumer Segment



What's Holding Telematics Back?

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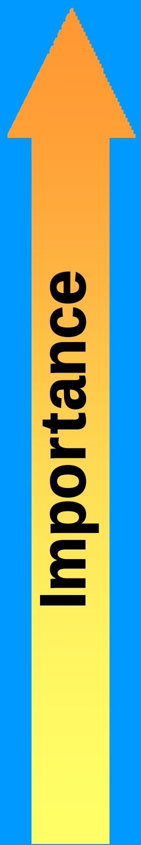
How important do you think the following factors are for accelerating market adoption for telematics solutions in all market segments in Europe?



Cost reductions in technology hardware and software

Flexible Pricing Options (e.g. choice pay-per-use or subscription)

Telematics embedded onto new models of vehicles

Better education on benefits for target customers

Partnerships/JVs between vehicle makers and TSPs

Consumer focussed telematics promotions by Dealerships

Establishment of industry consortiums (e.g. create open platforms)

Telematics offerings accessible outside the vehicle (e.g home, office)

Government Regulations (e.g. restriction on in-car phone use)

Market rollout of telematics solutions by Network Carriers

Commitment to telematics by Software Companies

Widespread adoption of Bluetooth

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Industry's Next Moves

"Please rate the importance of the factors listed below in increasing your company`s business opportunities in the telematics market in the next 13 to 36 months."

	Consumer Market	Commercial Market	Public/ Government	Portable Telematics	ITS/Vehicle Infrast'ure
1st	New Customers	New Customers	Build Awareness	New Customers	New Customers
2nd	Customer Needs	Customer Needs	New Customers	Build Partnerships	Reduce Costs
3rd	Create New Offerings	Build Awareness	Customer Needs	Build Awareness	Build Partnerships
4th	Improve Offerings	Build Partnerships	Create New Offerings	Improve Offerings	Customer Needs
5th	Reduce Costs	Reduce Costs	Build Partnerships	Existing Customers	Existing Customers

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Consumer Telematics Segmentation

Company Car

Company Car Choosers

Professionals and Managers that drive company cars.

Company Car Users

Sales and other occupations that drive company cars.

Private New Car

Premium New Car Owners

Private owners, premium new cars.

New Car Families

Mainstream new car owners with kids.

Young New Car Owners

Mainstream new car owners < 45, no kids.

Older New Car Owners

Mainstream new car owners 45+, no kids.

Nearly-New Car

Nearly New Car Families

Nearly new car owners with kids.

Younger Nearly New Car Owners

Nearly new car owners <45, no kids.

Older Nearly New Car Buyers

Nearly new car owners 45+, no kids.

Older-Used Car

Budget Buyers

Owners of vehicles aged over 3 years when bought.

Addressable (Company Car, Private New Car) — Non-Addressable (Nearly-New Car, Older-Used Car)

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Consumer Telematics Segmentation - Summary

Company Car Choosers
■■■■
●●●●
◆◆◆

Company Car Users
■■■■
●●●
◆◆

Premium New Car
■■■■
●●●●●
◆◆◆◆◆

New Car Families
■■■
●●●●
◆

Young New Car
■■■■
●●
◆

Older New Car
■
●●
◆◆

Nearly New Car Families
■■■■■
●●
◆◆◆◆

Younger Nearly New Car Owners
■■
●●●●
◆◆◆

Older Nearly New Car Buyers
■
●
◆◆

Budget Buyers
■
●●●
◆◆◆◆

Overall interest in Telematics	■■■■■	High...	■	Low
Willingness to Pay for Telematics Hardware ...	●●●●●	High...	●	Low
Willingness to Pay ongoing usage charges	◆◆◆◆◆	High...	◆	Low

Interest in Telematics Services

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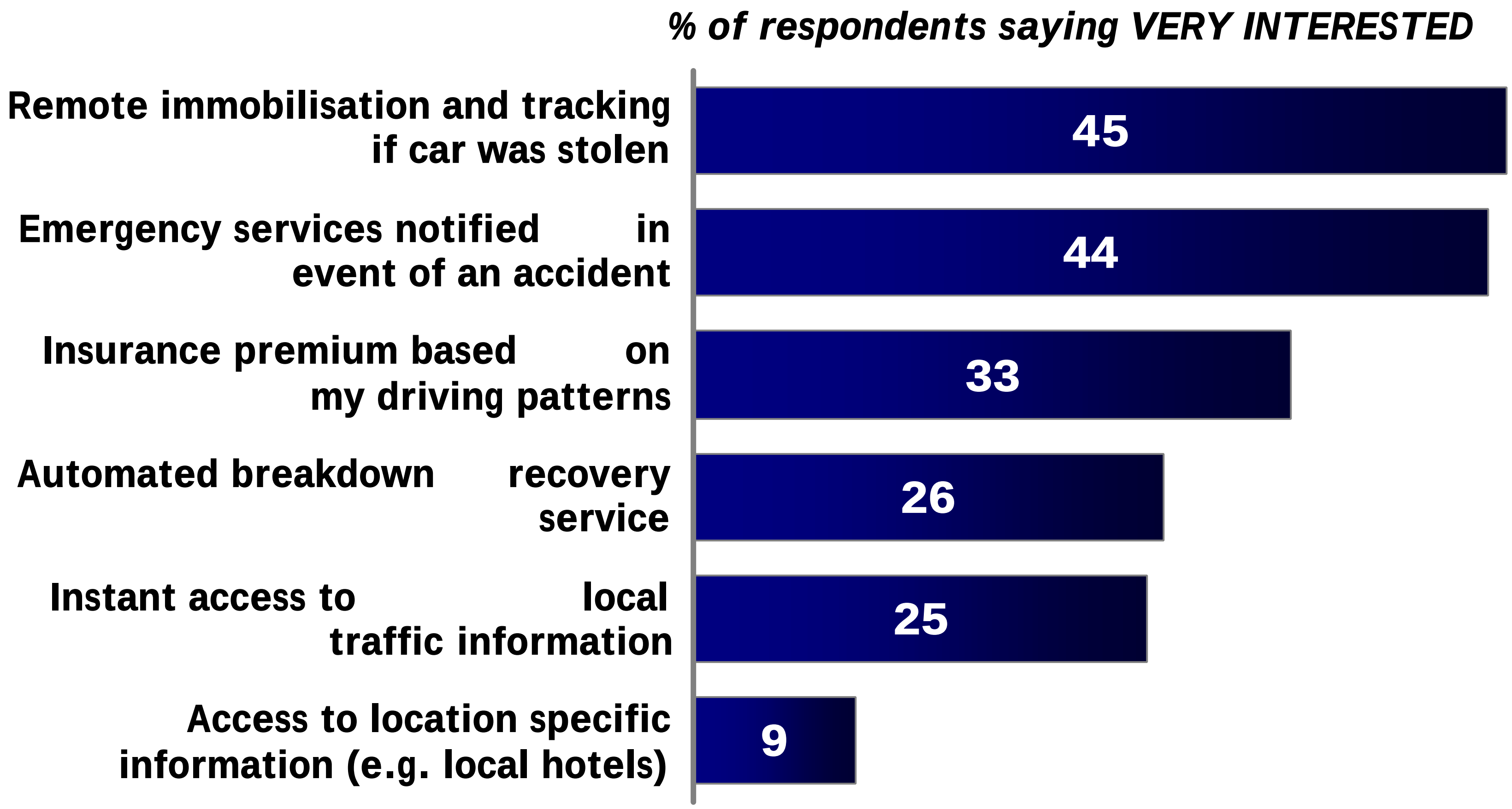
"How interested would you personally be in each of these services?"



Base: All car drivers, UK

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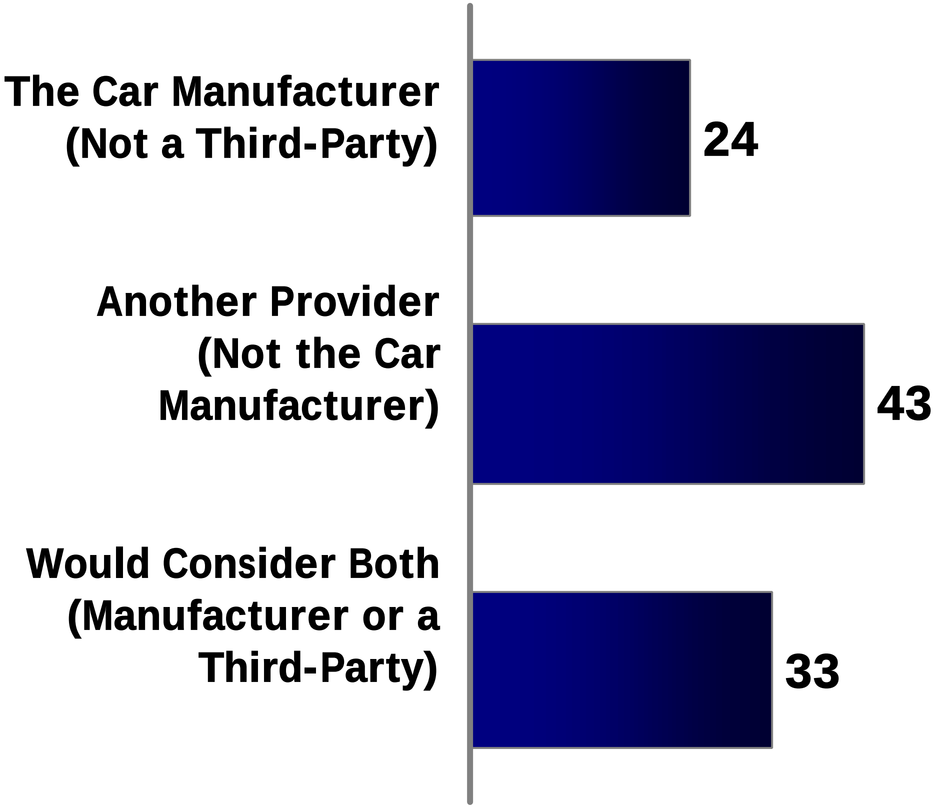
Car Manufacturer's Need To Move Quickly

"Who would you personally consider as a provider of this system and services for your vehicle?"



Other Possible Providers…

Car Dealership
(No.2 in Germany)

Insurance Company
(No.2 in France)

Breakdown Provider
(No.2 in UK)

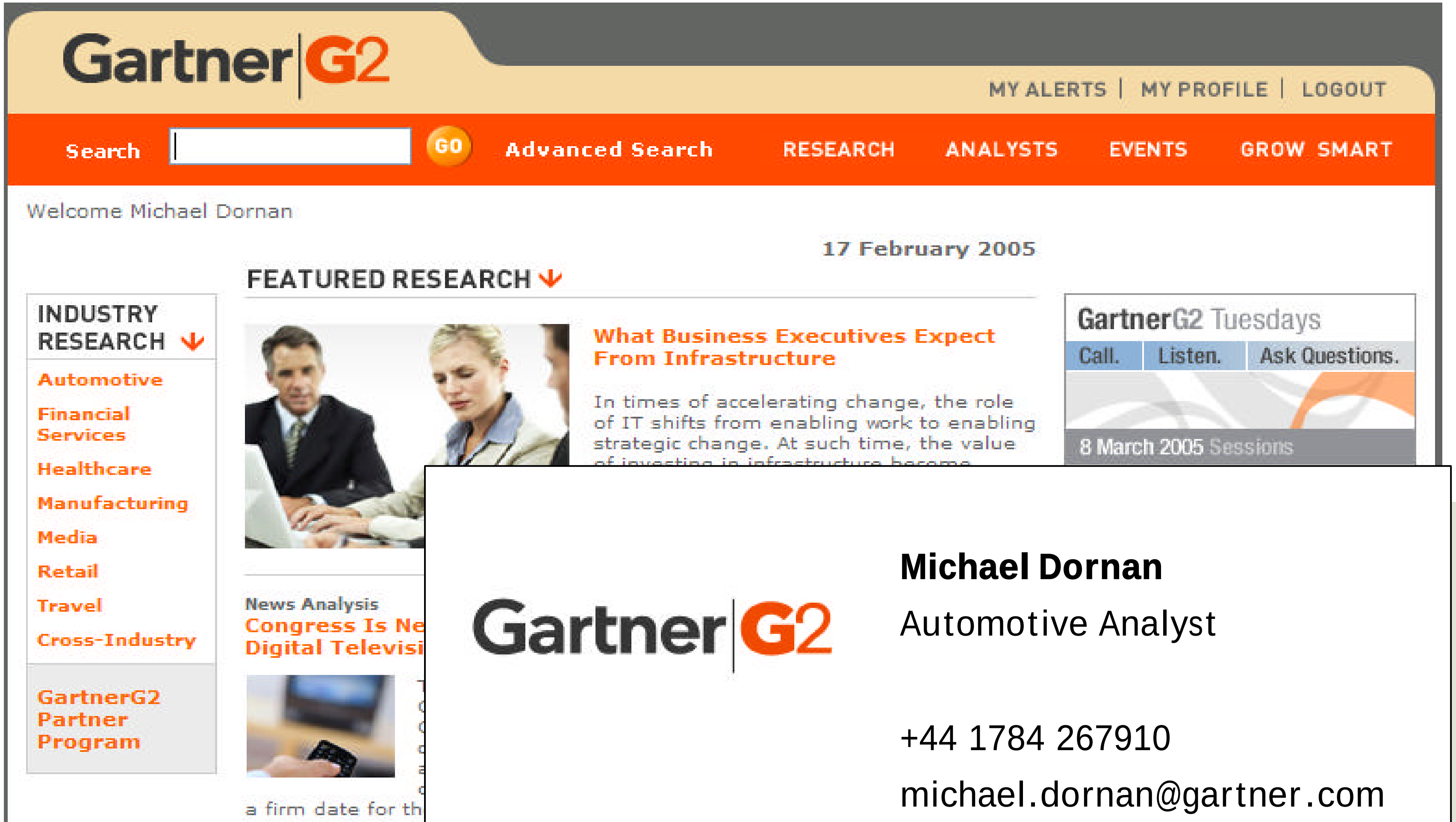
Police/Government
Retailers
Auto Electronics Fitters
Mobile Phone Companies,
Etc.

Base: All car drivers, Germany

Some Closing Thoughts

- In ALL markets, start simple, then grow.
- Segmentation is Crucial in All Market Segments. One Size will NEVER fit all.
- European Consumer Private New Car Market – Selling Technology to Over 45s.
- eCall Legislation Will Provide Visibility and a Trojan Horse Opportunity.
- Commercial Opportunity - Increasingly Seen as Aftermarket (Greater Flexibility).
- Think End-User, NOT Technology.

For More Information



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