

## Summary

# Executive summary

Telematics is a broad term that may be applied to a wide range of automotive connectivity solutions. Berg Insight's definition of an aftermarket car telematics solution in this report includes telematics devices created by a company other than the carmakers and are retrofitted into vehicles mainly via OBD-II and blackbox devices based on both cellular/GNSS and RF technology. The connected car is a major trend in the automotive industry. After many years of development and false starts, car telematics has gained momentum and virtually all of the world's leading carmakers have launched mass-market services in key regions. The OEM initiatives can be seen as competition for the aftermarket solutions, but there is still a growing demand for different forms of aftermarket car telematics services. Aftermarket telematics still has a dominant position on the market in many parts of the world. Several categories of aftermarket car telematics applications have become popular including roadside assistance, stolen vehicle tracking (SVT), vehicle diagnostics, usage-based insurance, dealer and inventory management, Wi-Fi hotspot as well as convenience applications targeting consumers.

The addressable market for aftermarket car telematics solutions is significant. At the end of 2019, there were an estimated 1.12 billion passenger cars and light trucks registered worldwide. Even though aftermarket car telematics services face competition from smartphone-only solutions and OEM solutions, Berg Insight is of the opinion that the aftermarket car telematics market is in a phase of strong growth. Berg Insight estimates that total shipments of aftermarket car telematics systems reached almost 24.7 million units worldwide in 2019. Growing at a compound annual growth rate of 14.4 percent, the shipments are expected to reach 48.5 million units in 2024. The number of aftermarket car telematics systems in active use is forecasted to grow at a compound annual growth rate of 14.4 percent from 77.1 million in 2019 to 152.1 million worldwide in 2024. The penetration rate will at the same time grow from 6.4 percent in 2019 to 11.1 percent at the end of the forecast period.

The market is still in a relatively early phase with a great diversity of players interacting in a complex value chain that spans multiple industries. The car telematics companies targeting the consumer aftermarket include specialists focusing on this application area only as well as general telematics players that serve a broad range of applications including also for example fleet management for commercial vehicles. The leading aftermarket car telematics solution providers have reached installed bases in the millions. Examples of leading car telematics solution vendors include Octo Telematics, Spireon, Procon Analytics, Ituran, Mojio, Scope Technology, CalAmp (LoJack), Bright Box, Viasat Group, Targa Telematics and Vodafone Automotive. The most common go-to-market strategy is to partner with insurance companies, dealers, OEMs, MNOs and vehicle finance companies. Leading companies delivering telematics hardware and related services to the aftermarket car telematics market include Danlaw, Xirgo Technologies, Gosuncn, Munic, Queclink and Teltonika.

Stolen vehicle recovery and security-related telematics applications are mature aftermarket car telematics applications whereas other direct-to-consumer car telematics solutions have more recently started to emerge. Regional market conditions such as a high level of vehicle crime influence the demand for stolen vehicle tracking and have made SVT solutions popular in countries such as Brazil, Argentina, China, Israel, Russia and South Africa. Leading SVT companies include CalAmp (LoJack), Cesar Satellite, Ituran, Octo Telematics, Tracker Connect, Netstar and Pointer Telocation. The number of dedicated active aftermarket SVT units in use is forecasted to reach 68.6 million in 2024, up from 47.1 million at year-end 2019.

During the past years, several mobile operators have launched car telematics solutions as a part of a broader consumer IoT strategy. Deutsche Telekom has for instance partnered with Mojio to launch branded connected car services in various markets. Verizon, AT&T, Sprint, Vodafone, Telefónica and many others have also explored the car telematics vertical during the past few years. Direct-to-consumer car telematics offerings are available to a varying degree in many regions globally by companies such as Bounice, CarLock and Autobrain. Many direct-to-consumer car telematics providers have broadened their product portfolios to include additional telematics application areas such as fleet management as well as powering B2B2C telematics services.