Data privacy laws & telematics... Should you be worried?

What is the cost of a privacy mishap?

So far within the telematics industry GM, Nissan, TomTom and BMW have all suffered from lawsuits or negative press coverage due to privacy-related issues.

However, the cost will become exponentially more painful for telematics players if the EU successfully introduces a new privacy law, which could impose fines of up to 2% of annual turnover on companies that misuse personal data.
Despite this, SBD has yet to work with an OEM that has a dedicated ‘Telematics Privacy Officer’ to advise engineers on what can and cannot be done. Appointing a dedicated and proactive privacy officer should be the number one priority for all companies operating within the telematics industry.

Privacy will become even more important as vehicle manufacturers begin to deploy increasingly complex telematics platforms and business models that leverage ‘Big Data’ to personalise, contextualise and monetise services. Many of these services will not be legally acceptable without the explicit and informed consent of drivers, and will not be financially viable without a sufficiently large volume of consenting drivers.

Navigating through the maze of government requirements will become harder as new privacy concepts are introduced such as the ‘Right to be Forgotten’ and ‘Data Portability’. Only companies that have placed privacy at the centre of their design and operational processes will be able to continue innovating safely without risking a backlash from governments and consumers.

**But it’s not all doom and gloom**

On a more positive note, studies have consistently shown that a proactive and open approach to managing data privacy can actually help attract more users. Vehicle manufacturers developing telematics services and business models that rely on large up-take rates can therefore stand to benefit from transparent and simplified privacy policies.

SBD believes that OEMs have an opportunity to differentiate themselves and attract more users by developing innovative approaches to satisfying consumer concerns about data privacy.

SBD has recently published its ‘Privacy laws vs Telematics’ report, written to help clarify how legislation will affect telematics in the future.
Risks to automotive players are expected to grow further as governments introduce tougher laws on how personal data is managed. This report analyses these laws and how they will affect the viability of upcoming telematics services.

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Privacy laws vs Telematics: Is the automotive industry ready for change?
Ref: CON/514

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Andrew heads up SBD’s Advanced Research Division and is responsible for the wide range of market and technical research that we provide to our clients. He is a leading authority in navigation and traffic information, helping vehicle manufacturers and suppliers understand the technical, business and consumer trends in Europe, China and the USA. Andrew sits on a number of international forums, including TISA, and is a notable speaker at leading ITS events around the world.

Related Reports

Connected Car Guide – Government Edition (Ref: CON/528)

This interactive guide focuses on legislation and how it is affecting vehicle manufacturers, tier-one suppliers, telecoms operators and telematics service providers in each country. The unique format allows users to switch rapidly between types of legislation, region, overviews and updates on the latest news on mandates that will require action from the automotive industry.

Safe Car Guide - Government & Market Watch
Ref: CON/535

With quarterly updates, SBD’s easy-to-use Safe Car Guide (Government and Market Watch) is a crucial tool for finding out about the latest initiatives that could play a role in promoting ADAS uptake in different regions. The Guide includes analysis on the impact of each initiative on vehicle manufacturers and tier-one suppliers, as well as recommendations on how best to adapt to any upcoming changes.

Connected Car Owner Portals
Ref: CON/515

An increasing number of Vehicle Manufacturers (VMs) now offer connected services in the vehicle. In order for users to manage these services or access information while away from the car, many of those VMs have designed a user portal.

This report aims to analyse the factors which make a portal successful and provide a comparison between the user portals offered by Hyundai, BMW, Audi, Toyota, Citroen, Lexus and Fiat.