The last 5 years has seen great momentum towards connected cars, caused by legislation, maturing technologies, consumer demand and greater OEM competition.

As a result, the role of the traditional Telematics Service (TSP) is changing and a number of different types of TSPs have emerged.
In the early days, TSPs were largely technology-centric platform providers that helped OEMs route data and voice to and from the car. Today, these companies are playing a much more active role in helping OEMs manage the growing connected car eco-system and integrate a diverse range of 3rd parties such as app developers, insurers and dealerships.

With total global revenues from connected cars expected to reach €40 Billion by 2018 and TSPs expected to gain 11.3% (€4.5 Billion) of this market, it is no surprise that a wide range of companies have now entered this industry and are positioning themselves as TSPs.

However, each company has its own strengths, and choosing the right TSP partner has become increasingly challenging for vehicle manufacturers. In SBD’s latest research, we classify TSPs based on Company Background (as shown in the figure above), Business Approach (Customised, off-the-shelf etc.) and Service Type (Safety, infotainment etc.) to provide some clarity on capabilities of different companies.

In addition to choosing the right type of TSP, another priority for OEMs is ensuring that TSPs offer a flexible platform that does not force them to use certain technologies that could make it harder and/or more costly to switch partners at a later stage.

A good example of this need is BMW’s development of Next Generation Telematics Protocol (NGTP). This was a clear attempt by BMW to avoid over-reliance on a single TSP. Although no other OEM publically endorsed NGTP, many have privately included requirements for NGTP-compliance within their list of requirements to TSP partners. In the longer-term SBD believes that all OEMs will eventually shift towards specifying open or standardised interfaces within their value chains.

Before choosing a TSP partner, OEMs must clearly understand why they want to launch services, what type of services they want to launch and how those services will be offered. For the TSP, within the increasingly crowded market, it is important for them to understand clearly where the value lies in being a TSP and how to capture the opportunities from the growing sales of connected cars.
This report analyses the different types of Telematics Service Providers (TSPs) to help vehicle manufacturers understand what companies are best placed to support them with connected car services. In addition, the report identifies growth opportunities for TSPs competing in a crowded market.

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