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Connected Cars: Just Cool or Big Business?

By Becky Bracken

It's "Knight Rider" without the silly outfit. Today's vehicles are little more than beefed-up microprocessors on wheels capable of everything from real-time location reporting to pre-heating the oven. Connected-car technology is real and it's here, now. That's not the problem. The head-scratcher for CSPs is how they can best capitalize on it.

First, a look at some of the latest, most promising, connected car developments.

Flo Ridalong

Those ubiquitous commercials featuring the glib and perky Flo riding shotgun with everyday insurance customers illustrates one of the latest, and most promising, developments in connected car technology adoption. The advertisement promises lower insurance rates in exchange for having your driving habits monitored via the car's on board computer.

"The main obstacle for the connected vehicle continues to be the business model, not the technology," Leo McCloskey, vice president of marketing for connected car innovator Airbiquity says. "To my mind, the wild card is the insurance industry. If an exchange of vehicle and driving data for lower insurance rates could be realized, the industry would start to see a clear, everyday reason for the connected car. Insurance is a fee we pay each day, and the actuarial model can be refined through access to granular, life-cycle data in ways that reduce cost to drivers and owners. Finding a way to create the service delivery platform to knit together the ecosystem is not problematic; we do that, for example. The CSPs can play an interesting role here, and I'd watch it closely for real innovation that accelerates market acceptance and customer acquisition."

Can you steal a Subaru with SMS?

The short answer: yes. When hackers stole a Subaru Outback using an Android smartphone and SMS text messages, the problem of car hacking got it's own

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tagline: War Texting. The hackers used the cloud that's used to connect systems like OnStar and the car to unlock the doors and start the engine. The GSM network isn't encrypted and was ripe for hacking by someone with a laptop and something to prove.

And then there was the 2010 Toyota recall for allegations of unintentional acceleration. Following that crisis, the Transportation Research Board (TRB) commissioned a report that looked at the potential for connected car technologies to be hacked or what it called, "automotive vulnerabilities to cyber-attack." On-board electronics can't just be used to boost a ride, now the car's very own systems can be turned against the driver. Scary stuff and certainly enough to impact a multi-billion car brand for many years to come.

And with Juniper research predicting more than 92 million vehicles on the road that will feature technology to integrate the smartphone into the head-unit by 2016, cyber-security for the connected car is sure to be big business.

Gridlock

Saudi Arabia has just rolled out its first smart transportation system on King Abdullah Road in Riyadh, Saudi Arabia. Telvent´s SmartMobility technology manages interurban expressway traffic through a centralized platform that controls and manages the four tunnels and the entire range of field devices in place along the expressway's length of six kilometers. The result has been a remarkable increase in safety, security and improved infrastructure maintenance.

"Unfortunately, life-saving technology that brings first responders to accidents quickly is only valued when needed; otherwise, most of us would not to think about it at all"

The U.S. Government seems to have taken notice and identified the role IT can play in decreasing congestion and improving safety and quality of life. The Department of Transportation recently released a report titled, "Improved DOT Collaboration and Communication Could Enhance the Use of Technology to Manage Congestion" that outlines its recommendations on how to best invest in what it defines as, "Intelligent Transportation Systems."

"FHWA estimates that states used about $800 million to $1.3 billion of their eligible 2010 federal aid highway funds and $798 million to $1.3 billion of American Recovery and Reinvestment Act funds on ITS," the report says. "Further adoption of leading practices could improve these efforts. RITA's and FHWA's respective roles in these efforts are not clearly defined, potentially inhibiting their ability to effectively leverage resources."

Several options have been proposed to improve communication about ITS-related activities and facilitate the sharing of ITS information among state and local officials. While RITA intends to develop a new strategy in 2012 for promoting the use of ITS, it has not yet determined whether it will incorporate any of these proposals.

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Since 1994, DOT has overseen the allocation and expenditure of more than $3 billion for deploying and researching ITS, with more sure to follow.

Monetizing the Connected Car

If you'll forgive the cheap pun, the ability to sell and bill for differentiated services is where the rubber really meets the road for CSPs. Orga systems is a billing provider focused on enabling in-vehicle services for the connected car.

"Unfortunately, life-saving technology that brings first responders to accidents quickly is only valued when needed; otherwise, most of us would not want to think about it at all," McCloskey adds.
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Orga Systems' OS.Automotive allows car manufacturers to launch and bill for in-car services and products. Some of these types of services include:

- Premium navigation
- Travel assistance
- Car sharing and smart car rental schemes
- Rich mobility services (search and location-based services)
- Retail partner programs and loyalty schemes
- On-board infotainment/on-demand media
- Concierge services

OS.Automotive aims to offer end-to-end functionality for Order Management, Real-time Billing, Customer Management and Customer Care/Self-Care in one. It can support car manufacturers to launch, enable, incentivize and monetize innovative in-vehicle services, differentiated by target customer segment, country, vehicle type and built-in standard/special on-board equipment.

"A key success factor for the launch of new in-vehicle services is a seamless and positive driver experience to select, activate and pay for in-vehicle services," Orga CEO Ramez Younan says. "Depending on the car model and available on-board equipment, the solution helps car manufacturers execute advanced service eligibility policies to aid segmentation and also to ensure correct product-vehicle-compatibility.

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The solution is based on Orga Systems' Order-to-Cash offering for the automotive industry and includes Order Management and Customer Care for in-vehicle services."

The Future of the Connected Car

In order to become a consumer success, even the most sophisticated technologies have to address the most mundane of human inconveniences. The future of the connected car is no different. Take AT&T Labs' Don Henderson's app "Got My Stuff,' which uses RFID tags so the car can instantly scan its own contents as you twist the key in the ignition and reminds you if you've forgotten anything. You just tag everyday items like a phone, wallet, bag, or sunglasses, and if you've forgotten it, the car will remind you.

Then there's the Connected Porsche model built by AT&T, QNX, and Panasonic. The car uses AT&T's Watson Speech API so the driver can literally talk to it. The Porsche takes data from the driver and integrates it with the car's internal systems to offer location-specific information and services, or perform other tasks. The car's not quite ready for prime time consumer sales, but it's certainly making strides. So, the future talking, thinking, interactive connected car is not far off and may be starting to look a bit like our old friend K.I.T.T. from "Knight Rider." But, luckily the Hoff's leather outfit is still optional.

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