Monetizing Connected Cars
A multi-billion dollar 7 year loss leader
Connected Car revenue forecast 2017 - 2023

Executive Summary Only

Connected Car Revenue 2017-2023

2017	2018	2019	2020	2021	2022	2023
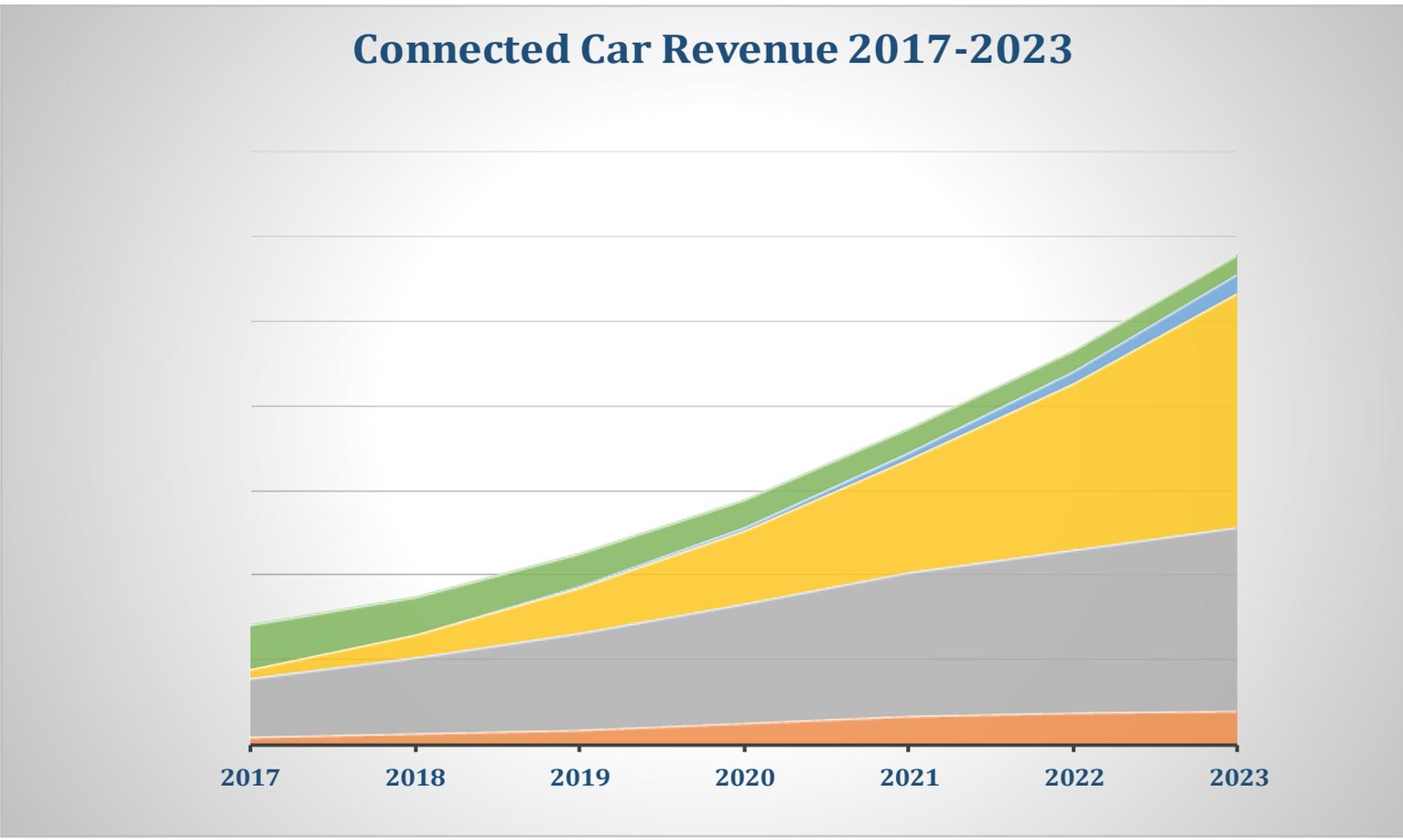
A report from Riot Research, the forecasting arm of Riot - Part of Rethink Technology Research

February 2018

Riot: tracking disruptive technology and its impact in industry

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Riot: tracking disruptive technology and its impact in industry

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Connected Car Revenue 2017-2023

- Annual Cellular Hardware Revenue
- Annual Operator Revenue
- Annual Connected Car Data Revenue
- Annual V2X Hardware
- Annual Subscription Services Revenue

The Axis has been left off this graph
Detailed numbers are supplied in the core Report

2017   2018   2019   2020   2021   2022   2023
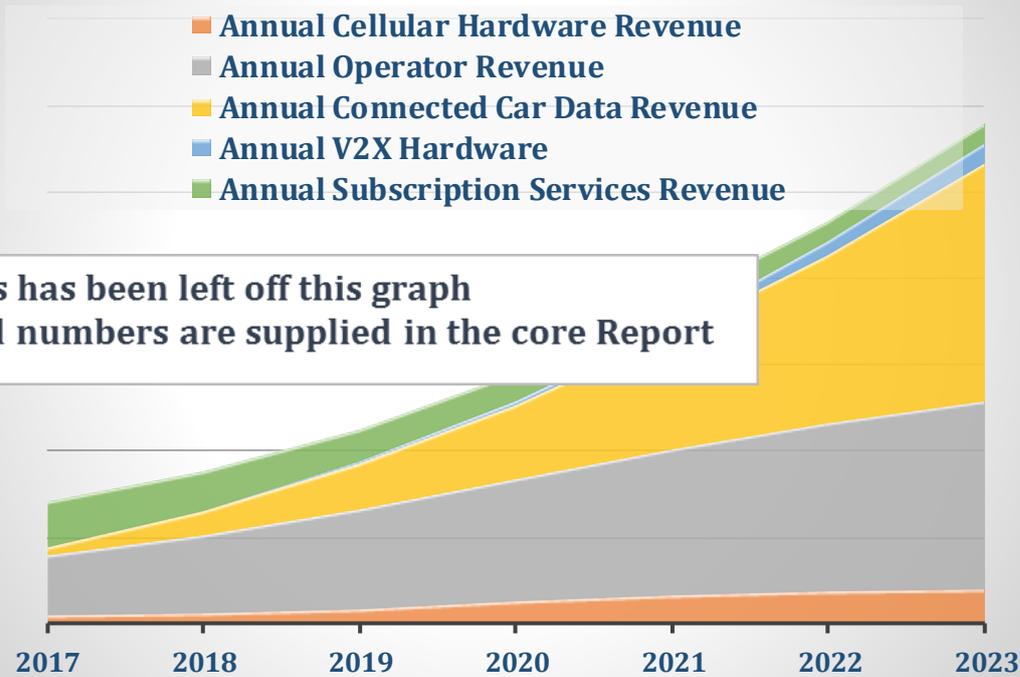
The total size of the automotive connectivity market will grow from $7bn in 2017 to $29.2bn in 2023. The scope of this forecast covers cellular telematics hardware, mobile network operator connectivity revenues, revenue derived from reselling connected car data, V2X hardware sales, and Connected Car Services subscriptions.

To be clear, many of these are revenues for component providers, cellular operators and some are revenues for car manufacturers themselves, while others still are costs for the insurance and other related industries, which constitutes revenue for car makers. The $29.2 billion figure is the extent of the entire eco-system.

The number of drivers using Connected Car Services (CCS) over the period will grow dramatically, however, automakers will have to shift their approach to monetizing the connected car itself, as customers will come to expect CCS as standard features – and not something they will pay extra monthly fees for. Automakers who do not bundle CCS with their new vehicles will be at a competitive disadvantage to those who do.

Riot Research draws a parallel between the leap automakers will have to make with CCS to that made by handset manufacturers when cameras (and WiFi) first started being

added to phones. After several years, cameras became a requirement to selling phones themselves - and all handset manufacturers had to include cameras as standard. To not include a camera would have been setting themselves up for failure.

Forecast	2017	2018	2019	2020	2021	2022	2023
Annual Cellular Hardware Revenue ($ thousands)	464,831	658,344	895,322	1,302,232	1,712,095	1,857,084	1,980,195
Annual Operator Revenue ($ thousands)	**Numbers deleted in executive summary only**						
Annual V2X Hardware ($ thousands)	0	20,305	61,407	157,002	419,802	759,749	1,208,350
Annual Connected Car Data Revenue ($ thousands)	**Numbers deleted in executive summary only**						
Annual Subscription Services Revenue ($ thousands)	2,593,273	2,242,921	1,939,903				
New Connected Cars	31,866,028	42,345,214	50,092,362	54,135,952	56,812,440	54,943,395	54,849,447
Total Connected Cars	**Numbers deleted in executive summary only**						
Total Annual Connected Car Revenue ($ thousands)	7,078,990	8,804,483	11,344,995	14,574,912	18,768,797	23,521,211	29,269,901

This evolution of CCS will be mainly driven by those automakers that have already invested in CCS research and development. At the premium end of the market, some automakers will be able to broker subscriptions for some value-add additional CCS, relying on premium customers being happier to pay more for a 'better' service or feature – as an upselling model.

The table above examines the different markets for the connected car. The biggest growth areas are going to be the MNO connectivity revenue, which is a bill paid by car makers to connect to the cars they make in the after-market; and the market for connected car data – data sold by car makers to companies looking to buy information to use in marketing, product design, or to drive efficiency gains.

Who should buy this report

This report is critical to anyone involved in planning or long term technology strategy for the Connected Car, as well as partners, implementers, equipment suppliers, software providers, automobile manufacturers and investors in any of the above, at C Suite level down to product marketing and product planning.

Pricing

A single individual copy of all Riot Research forecasts costs $1,850 but most companies wish to share the data throughout the organisation, which is why the corporate license only costs $3,700 A discount is available for existing subscribers to Riot—just ask.

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This report has been compiled by analyst Jack Vernon, with help from Senior Analyst Alex Davies and CEO Peter White.

Other Reports in this series of forecasts include LPWAN Forecast 2017-2023 go here to find out more details

Riot Research: Forecasting disruption to industry

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