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

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 Research: Monetizing Connected Cars 2017-2023  February 2018
### Connected Car Revenue

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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.

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.

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<tr>
<td>Annual Cellular Hardware Revenue ($ thousands)</td>
<td>464,831</td>
<td>658,344</td>
<td>895,322</td>
<td>1,302,232</td>
<td>1,712,095</td>
<td>1,857,084</td>
<td>1,980,195</td>
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<td>Annual Operator Revenue ($ thousands)</td>
<td>Numbers deleted in executive summary only</td>
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<tr>
<td>Annual V2X Hardware ($ thousands)</td>
<td>0</td>
<td>20,305</td>
<td>61,407</td>
<td>157,002</td>
<td>419,802</td>
<td>759,749</td>
<td>1,208,350</td>
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<td>Annual Connected Car Data Revenue ($ thousands)</td>
<td>Numbers deleted in executive summary only</td>
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<td>Annual Subscription Services Revenue ($ thousands)</td>
<td>2,593,273</td>
<td>2,242,921</td>
<td>1,939,903</td>
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<td>Total Connected Cars</td>
<td>Numbers deleted in executive summary only</td>
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<tr>
<td>Total Annual Connected Car Revenue ($ thousands)</td>
<td>7,078,990</td>
<td>8,804,483</td>
<td>11,344,995</td>
<td>14,574,912</td>
<td>18,768,797</td>
<td>23,521,211</td>
<td>29,269,901</td>
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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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About Rethink
Rethink is a thought leader in quadruple play and emerging wireless and IoT technologies. It offers consulting, advisory services, research papers, plus three weekly research services; Wireless Watch which has become a major influence among leading wireless operators and equipment makers and Faultline, which tracks disruption in the video ecosystem, which has become required reading for anyone operating in and around quad and triple play services and digital media. Riot is Rethink’s latest research service, on enterprise disruption from IoT, AI and the cloud. Riot Research is a series of regular forecasts from the Riot team.

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