

# Ford Wakes Up From Telematics Daydream

## Event

On 4 June 2002, Ford Motor Co. announced it will end its telematics venture, Wingcast LLC, with wireless technology provider Qualcomm Inc. Ford said it will continue to explore the opportunity to offer telematics services to customers, but not in the form of a telematics service provider model.

## GartnerG2 Analysis

Ford's decision to fold its 85% stake in the Wingcast initiative re-emphasizes that:

- Automakers are struggling to develop viable business models that will generate revenue streams from telematics services.
- Ford is still scrambling to cut costs and speed turnaround from its \$4.1 billion loss in 2001.

When Wingcast was founded in October 2000, Ford felt the need to create a telematics service subsidiary to compete with General Motors' OnStar service. At that time—the peak of e-commerce hype—automakers envisioned telematics as a logical extension of the Internet and expected consumers to demand and be willing to pay for such services.

Like other automakers, Ford missed the opportunity to develop Wingcast as a value-adding telematics service focused on vehicle-specific applications (e.g., remote diagnostics) and to leverage telematics as a customer relationship management tool. Instead, it simply mirrored OnStar's service offering without evaluating consumer interest in telematics applications or establishing a strong product differentiation.

Very likely, Ford's new telematics strategy will more closely resemble Chrysler's planned service offering, which is being developed in conjunction with AT&T Wireless and initially will focus on providing hands-free, voice-activated cell phone integration using Bluetooth technology. This "narrow" approach minimizes financial commitments and at the same time focuses on what consumers clearly identify as being valuable, rather than "pushing" services down and hoping consumers will find them useful over time. This approach will allow an automaker to expand its service offering in the future when mobile services become more widespread and consumers begin to integrate them in their daily lives.

### Thilo Koslowski

*"Automakers need to develop telematics services with the consumer in mind, using partnerships and joint telematics strategies to minimize investment costs."*



## GartnerG2 Recommends

- **Automakers:** Don't kill your telematics strategy; re-evaluate it and carefully adjust your investments. Don't be misled by unrealistic revenue expectations, but rather focus on what consumers really want. Telematics is not about making money in the short-term, it's about establishing added value to your customers.
- **Automakers and wireless network carriers:** Work together to benefit from each other's core strength. The vehicle is a strategic environment for cellular phone use. Automakers can offer unique services that are tied to the vehicle and can be delivered as a wireless phone services (e.g., remote vehicle diagnostics).
- **Telematics industry:** Think outside the car. Telematics services will be successful as part of a broader mobile service offering. View the vehicle as one of several environment for mobile services, *not* as the center of consumers' mobile information and communication needs.

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