

## DaimlerChrysler/AT&T Wireless: A Model Telematics Offering

Thilo Koslowski

DaimlerChrysler's telematics partnership with AT&T Wireless leverages both companies' strengths — and offers a model approach for other auto manufacturers' telematics offerings.

## NEWS ANALYSIS

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### Event

On 8 August 2001, the auto manufacturer DaimlerChrysler announced that it has selected AT&T Wireless to provide telematics and connectivity services for vehicles sold under the Chrysler Group brands in the United States. (The company's Mercedes-Benz brand uses a different U.S. provider, ATX Technologies.) The two companies will partner to develop a portal for Chrysler owners, and expect to offer services on a pilot basis by the end of 2001.

### Analysis

The partnership approach to telematics has already proved successful for DaimlerChrysler in Europe, and it should work equally well in the U.S. market. By partnering with AT&T Wireless, an established service provider — instead of developing its own system in-house — DaimlerChrysler can:

- Leverage AT&T Wireless' expertise in wireless technology — a field closely related to telematics
- Achieve substantial cost savings by avoiding duplication of infrastructure and services
- Leverage AT&T Wireless' customer base — particularly important, because GartnerG2 research shows that mobile phone users are much more likely than the average consumer to purchase telematics
- Create and deliver telematics services that extend well beyond the vehicle (e.g., extravehicular wireless "emergency" services)

The telematics partnership also appears to be a good deal for AT&T Wireless. The vehicle is the only remaining place where consumers generally do not have access to data services. As consumers learn to integrate personalized, location-specific telematics applications into their daily lives, telematics will become an opportunity for automakers and service providers to improve customer relationship management by providing valuable applications. Telematics will also enable the wireless provider to secure in-vehicle airtime usage — presently threatened by widespread legislation prohibiting or significantly limiting use of mobile phones in vehicles.

DaimlerChrysler has not announced whether the partnership is to evolve into a separate entity, as did DaimlerChrysler's European partnership with Deutsche Telekom. The new joint venture, Tegaron, now provides telematics services to Mercedes-Benz and other automakers, including Audi, Renault and Volkswagen. (Mercedes-Benz will continue to use ATX Technologies for telematics in the U.S. market.) Whatever form it eventually takes, however, this partnership offers a proven model for other automakers developing telematics offerings.

**Analytical Source:** Thilo Koslowski, GartnerG2

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