Navigating change:
Technology megatrends in the connected-car age
INTRODUCTION by Egil Juliussen
Evolutionary and revolutionary technologies continue to affect the automotive industry. Connected cars have made a major impact, but an “always connected” environment is still forming, with existing uses and important new applications entering the market at every turn. Battery electric vehicles (BEVs) compose just a fraction of the industry today but are destined to have a major effect in the next decade as battery prices decline and these vehicles become more competitive versus combustion engine vehicles. BEVs also have allowed start-up companies to enter the auto industry without mastering combustion engine technology, and more are on the way—especially in China or with Chinese investment.

Autonomous driving has evolved as tremendous technology advances have entered the market, both from large venture capital firms and veteran auto industry suppliers and manufacturers. Future deployment of driverless vehicle fleets will have a dramatic influence on the transportation industry, including mobility as a service and how this will impact personal mobility needs. Both start-ups and auto companies are preparing for these major changes and what they will mean for the industry.

CONNECTED CAR by Colin Bird
Today’s consumers demand their infotainment system have connected features, such as turn-by-turn navigation, Wi-Fi, telematics services, and more. IHS Markit estimates about 40% of all vehicles sold in 2017 will be connected by an embedded telematics system. It is estimated 121 million vehicles globally are equipped with a cellular connection today, a number that will continue to increase in the coming years. By 2022, IHS Markit forecasts nearly a third of the existing global car fleet will be connected through telematics.

MOBILITY by Jeremy Carlson
New mobility service business models represent the latest area of exploration and expansion for automotive companies as they seek to understand potential long-term threats to their core business. Mobility services, including variations of ride-hailing and car-sharing, currently fulfill some transportation needs for some users today. In the future, more people will fulfill their personal mobility needs with multi-modal transportation ecosystems, in which ride-hailing and car-sharing will participate alongside car ownership and public transportation.

As technology in the car and in the cloud continues to gain new and increasingly autonomous functionality, and as urbanization drives larger populations toward dense metropolises, new mobility-as-a-service business models will experience an inflection point. Both essential and occasional users will engage in these services more often, driving further change into the automotive industry with potential long-term impact on new vehicle sales, vehicles in operation, and vehicle and passenger miles traveled.

AUTONOMOUS DRIVING by Jeremy Carlson
One of the fastest-growing segments of technology is advanced driver assist systems (ADAS). These technologies are increasingly popular with consumers and regulators alike, as they are seen as vital enablers of long-term goals for “zero fatality” transportation. Automatic emergency braking is squarely in focus, with 20 automakers committing to making the feature standard in all new cars sold in the United States by 2022 and both the US and European new car assessment programs incentivizing the technology.

New uses of camera sensors to augment or replace mirrors are also growing following regulatory changes in Japan and Europe. New vehicles in these markets will soon begin to deploy the latest technology that will increase visibility and safety, but also may boost fuel efficiency while creating new opportunities in vehicle design.

The active wireless connection is critical in the autonomous and urban mobility age, as it will be used to keep the vehicle up to date through over-the-air (OTA) updates to software and firmware. OTA updates also have the ability to transform the traditional sales and customer retention model by allowing automakers to provide functional software upgrades (e.g., new navigation and telematics features, etc.) as well as updates pertaining to software-related recalls, without a dealer visit. Furthermore, telematics and embedded modems are some of the most vulnerable systems for widespread and effective cyber-attacks. As a result, the telematics connection will also be used by cybersecurity providers to monitor security health and to take preemptive action when necessary.
OUTLOOK
The automotive industry is experiencing technological change like we’ve never seen before. From evolutionary to revolutionary technology, changes are coming from high-tech and venture capital. These newcomers are risk-takers and disruptors, willing to try new business models and new technologies with the aim of taking market share from traditional auto players. Newcomers and auto industry experts, now more than ever, need the right tools to compete in the market, to navigate the change, to anticipate the risks, and to gain maximum returns for their most successful outcomes. IHS Markit can help. For more information, please visit: IHS.com/automotive

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CONNECTED CAR
Are your investments aligned with the latest developments?
The rise of connected cars and autonomous driving is breeding new strategies around mobility and raising concerns about the viability of traditional automotive business models.

The global automotive display systems market will grow to $18.4 billion by 2021, nearly doubling in the next six years, 90% of which will come from continued growth in center stack and instrument cluster display systems.

Global revenue from automotive telematics systems will grow at a compound annual growth rate (CAGR) of more than 19% to $4.2 billion by the end of 2021.

74% of new car intenders who currently own a vehicle with an infotainment system are willing to pay for software updates that improve or add functionality to their vehicle.

In 2035, China will have the largest driverless fleet for mobility services with more than 8 million vehicles in-use for “car as a service”.

In 2035, vehicles with some form of autonomy will be sold globally.

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