

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

DRIVER SAFETY SOLUTIONS - NORTH AMERICA

Product Leadership 2019



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Background and Company Performance

Industry Challenges

As advanced technologies find application in mobility, original equipment manufacturers (OEMs), insurers, and vendors (such as roadside assistance providers) need to integrate digital platforms that deliver greater real-time response and transparency. These data-driven services leverage mobile applications, in-vehicle telematics, large-scale database infrastructure and intelligent operations. Rideshare and other on-demand applications have reset consumer expectations for service industries; roadside assistance is no exception. These services must harness the potential of big data, predictive analytics and digital engagement channels to enable responsiveness and real-time visibility. Forward-looking OEMs and insurers recognize roadside as a high value service and loyalty building touch point within an increasingly competitive environment.¹

Evolving User Behaviors Drive Need for Omnichannel Solutions

Millennials represent the largest generation since the Baby Boomers, with a population of approximately 75 million in the United States (US) and are re-shaping traditional communications norms. Millennials differ from previous generations in many ways, including a general increase in the use of, and familiarity with, mobile communications and digital technologies. The associated growth in new forms of communication exchanges is ushering in an array of new requirements and opportunities in the driver safety sector.

The Proliferation of Smartphones Fuels a 'Mobile-First' Environment

Frost & Sullivan research indicates that nearly 90% of the US population currently owns a smartphone, with users dedicating approximately 85% of their mobile usage time to non-voice activities. Thus, advancements with next-generation networks, coverage, and devices have led to a dramatically more diverse set of consumer communication exchanges. In this dynamic environment, traditional driver safety services will be challenged to keep up with the pace of technology innovation and consumer expectations. The driver safety sector is obligated to conform to address evolving consumer behaviors.

Digital Transformation Instigates Disruption, Advances New Efficiencies

Ridesharing companies have demonstrated the disruptive potential and speed of change possible in seemingly ossified markets. In response, legacy providers and startups are rushing to leverage new efficiencies and capabilities to deliver innovation and ensure viable business models in the future. Rendering data is key to future business models across a range of downstream services, such as connected mobility services, connected vehicle services, connected logistics, and data brokerage. Frost & Sullivan research estimates these

¹ *Global OEM Aftersales 2.0—Comparative Benchmarking of Adoption of New Parts and Service Business Models, 2017: Multi-brand Parts Sales and Innovating with Vehicle Servicing Strategies will be Key for OEMs to Sustain Aftersales Revenue*, (Frost & Sullivan, April 2018).

clusters of automotive downstream services will grow from \$720.61 billion to a cumulative \$3.2 trillion in revenues from 2017 to 2030.²

Big Data Enables New Service Models

More than crowdsourced maps, massive data flows enable new service models for matching individuals with service providers (tow or road service operators) in real-time, event monitoring, and network and operations optimization. Automobile OEMs and insurance providers are continuously looking for ways to integrate these value-added services to their warranty and policy coverage offerings. Across all consumer and automotive trends, strategic partnerships will be essential for all OEMs, traditional vendors, and innovative suppliers, to deliver value in this new data economy.³

Customer Engagement Emerges as a Critical Differentiator for OEMs and Auto Insurers

Customer engagement is an increasingly vital differentiator for OEMs and insurers, who must compete on speed, quality, and personalization of services. Integrating new technologies with Big Data can stimulate a simplified and enhanced experience. Leading OEMs and auto insurers are experimenting with digital communication channels, crash notification, automated first notification of loss, and real-time event tracking. Yet, deployments have been disjointed and inconsistent, with many consumers unable to benefit. Warranty-providing OEMs, insurance carriers, and other vendors need to mitigate costs while delivering a more responsive, digital and mobile-first customer engagement to succeed. In this market, participants must evolve their business models to provide a unique value.⁴

Digital Platforms Drive Customer Engagement

Despite potential customers' interest in digitization, adoption remains relatively slow across the vehicle fleet and within the service provider network in the US. A vision for the future is needed, but to realize the potential today, vendors must craft links between efficient digital platforms, customer touch-points, and real-world resources. Insurance providers and OEMs will continue to seek better distribution channels and faster processing times in order to reduce the time agents take to process an event and dispatch a service provider. Digital engagement strategies for OEMs, insurers, and vendors will only become more essential as opportunities for differentiation and service bundling.⁵

² *Mobility and Other Downstream Services Market, Forecast to 2030: OEM and Service Provider Revenue from Downstream Services will Exceed \$3 Trillion by 2030*, (Frost & Sullivan, September 2018).

³ *CES Automotive and Transportation Highlights, 2019: Level 2+ Autonomous Driving Solution with Artificial Intelligence Integration Will Be Launched by 2020*, (Frost & Sullivan, February 2019).

⁴ *Global Strategic Analysis of Usage-based Insurance Market for Passenger Vehicles, Forecast to 2025: Hardware-agnostic Solutions and Data Analytics Expected to Disrupt the Connected Insurance Market*, (Frost & Sullivan, August 2018).

⁵ *Innovative Business Models in Automotive Finance and Insurance, Forecast to 2025: Fintech Growth in Finance and Insurance Expected to Boost New Car Loan and UBI Policy Volumes by 2025*, (Frost & Sullivan, December 2018).

Product Family Attributes and Business Impact of Agero

Agero provides solutions to ensure the safety of drivers in need of assistance during a vehicle breakdown or accident. From roadside assistance, to accident management and consumer affairs, Agero's suite of white-label managed services for auto makers and auto insurers strengthens consumer loyalty by providing a superior experience. Headquartered in Boston and with a major office in San Francisco, the company's mission is to create a transparent and seamless driver assistance experience by leveraging digital tools across a highly curated network of service providers nationwide.

A Data-driven Vision

Agero delivers innovation in the driver safety space with a powerful suite of solutions that intelligently leverages Big Data and machine learning to enable faster more efficient service delivery and peace of mind to 115 million consumers. Drawing on real-time inputs from millions of annual events and more than 11 terabytes of data, Agero trains its predictive models to enhance the customer experience and optimize dispatching continuously.

Agero's Roadside Assistance platform handles over 12 million breakdowns and accidents a year. When drivers experience a breakdown and request roadside assistance, Agero provides a digital omni-channel experience and automates the dispatch process through 12 integrated 3rd party dispatching platforms. In addition, Agero's mobile APIs are leveraged by more than 20 million consumers through OEM and insurance provider apps for a branded experience that is truly seamless. Either through these apps or native web app capability, Agero can pinpoint the exact location of the driver.

Once the request is received, advanced matchmaking software identifies the optimal service provider (e.g., to render a tow or address a specific breakdown issue) based on location, equipment, experience, service history and client program parameters. Using an automated intelligent dispatch process, the typical dispatch takes only 52 second, an extremely impressive feat given the personalized nature of the service. During the course of their disablement event, drivers can visually track the progress of their requests, real-time ETA updates and the location of their service vehicle all from their smartphone.

Driving Digital Transformation

In each of Agero's services, the company leverages its expertise, coverage network, and Big Data-informed technologies to best service a variety of clients including automotive OEMs, insurance carriers, financial institutions, and other channels.

Agero's largest and longest running service is *roadside assistance*. It is supported by 5 geographically dispersed response centers, with the comprehensive data-informed tools to dispatch service providers, track progress, and ensure positive customer experiences.

- Agero's expertise in *accident & claims management* speeds retrieval cycle time for vehicle release, reduces administrative friction and turns stressful consumer touchpoints into positive brand experiences. Agero's customizable and data-informed claims management protocols and damage assessment tools support accurate documentation and vehicle release. In addition, its accident response service captures over 94% of vehicles from the accident scene enabling its clients to significantly reduce loss cost.
- Seamless *connected vehicle* integrations with automotive OEMs help with 911 emergencies, roadside events, and provide a concierge-like experience, allowing customer needs to be efficiently handled by a single service associate.
- *Consumer affairs* include value-added services for OEMs including assistance with recalls, technical support, customer service and promotional campaigns.
- Agero's *service advantage* services are aimed at driving repair volume and improving efficiency with OEM dealerships.

Optimizing for a Customer Engagement Experience

Customer experience is a key objective for Agero, which performs as an extension of its clients' brands. Using product metrics and customer feedback, the team continuously works to iterate and optimize the customer experience. This effort is grounded in a clear understanding of changing consumer needs and expectations related to digital engagement, transparency, flexibility, customization and security.

- Agero recognizes the desire for more self-service and mobile options from many consumers. The investment in API development and smartphone event tracking capabilities for client applications has helped to support this.
- Agero's continued innovations in ensuring the experience from first call to final result are best in class. This includes artificial intelligence-based proactive monitoring algorithms that identify, track and escalate potential service risks, such as service provider expected time of arrival delays. These capabilities have helped reduce the frequency of outlier events and improve the customer experience in the unlikely event they occur.

Dominant Scale, Coverage, and Experience

With over 45 years of experience and relationships in the market, Agero leverages a vast network of service providers and unmatched coverage across the US. Agero ties together in-depth expertise in over 350 metropolitan areas across the country, along with trusted alliances and capabilities to operate in each market.

Agero's scale provides coverage across all zip codes in the US. Further, the company maintains partnerships with over 74,000 repair shops, ranging from small businesses to nationwide chains. Agero's network reflects their longstanding history and focus on partnership. On average, service providers have been affiliated with the Agero network for 8 years.

This longevity is a result of the scale that Agero has accumulated in each market, delivering a significant volume of events to local service providers. This scale is crucial to providing reliable and consistent support to Agero's clients, who account for more two-thirds of new cars sold as well as 10 of the top 15 insurance carriers. It is from this scale that Agero has amassed the expansive knowledge and terabytes of data they use to create intelligent, machine learning-based algorithms that optimize efficiency, speed and performance.

Future Focus on Innovation

Agero invests in the future by prioritizing digital transformation and transparency. By acquiring San Francisco startup Swoop in December 2017, Agero is positioned to significantly transform the roadside market. By combining its scale with advances in digital end-to-end dispatch management on a single, flexible and scalable platform, Agero has the opportunity to drastically transform the experience for consumers, service providers and its partners at massive scale. This platform delivers complete transparency to all client events and gives service providers enhanced visibility into their business operations.

Conclusion

In the face of rising consumer expectations, Agero enables service providers, insurance carriers, and automobile manufacturers to leverage its significant investments in digitizing the roadside and accident experience. Agero brings an unmatched scale, and experience that is combined with Swoop's next-generation platform to enable the industry to digitally transform the experience for all stakeholders.

With its leading market position and exemplary overall performance, Agero earns Frost & Sullivan's 2019 North America Product Leadership Award in the driver safety solutions market.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

Criterion 1: Match to Needs

Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality

Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning

Requirement: Products or services address unique, unmet need that competitors cannot easily replicate or replace.

Criterion 5: Design

Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition

Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> Conduct in-depth industry research Identify emerging sectors Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> Interview thought leaders and industry practitioners Assess candidates' fit with best-practice criteria Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> Confirm best-practice criteria Examine eligibility of all candidates Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> Brainstorm ranking options Invite multiple perspectives on candidates' performance Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> Share findings Strengthen cases for candidate eligibility Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> Hold global team meeting to review all candidates Pressure-test fit with criteria Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> Perform final performance benchmarking activities Write nominations Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> Present Award to the CEO Inspire the organization for continued success Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> Coordinate media outreach Design a marketing plan Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.