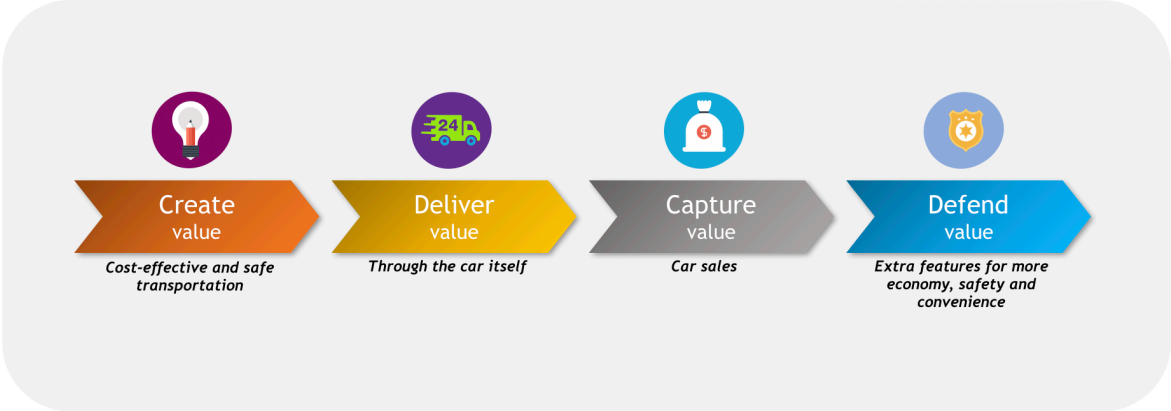
How the Digital Business Model can Transform and Boost the Car Industry

Car industry is working in conventional model since early 19 centuries with recent technology improvement industry can now leverage IoT and data driven model thus enabling them to create autonomous cars of the future.

In earlier days, cost of vehicle was very high thus is was out of reach for many, later on with advancement in fields of technology, engineering and mass production during industrialization revolution enabled to reduce cost of cars, thus reaching hands of many. Company are competing for limited market share while defending its share thus add-on improvement started to coming in for e.g. additional safety packs include auto braking, chassis control, colour etc. and state of art multimedia systems with a lot of connectivity functionalities

The Traditional Business Model in car Industry

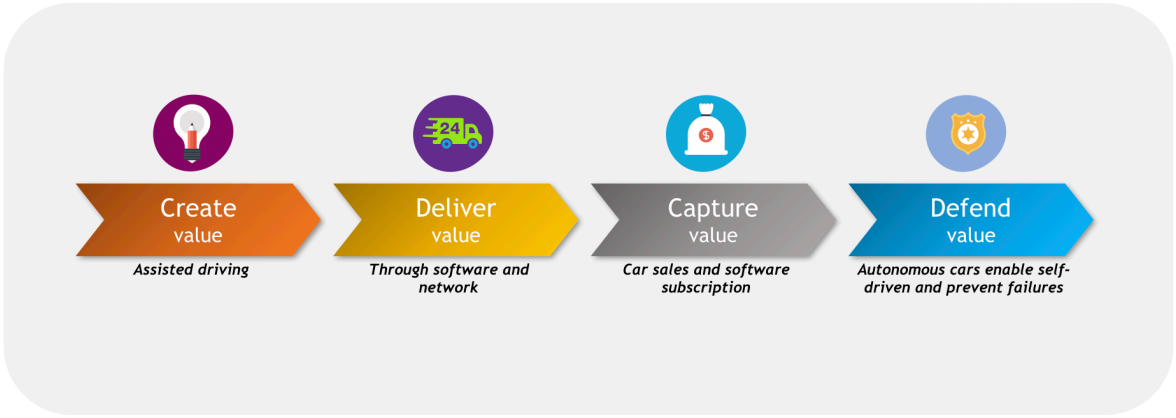


With digitalization and IoT, industry is seeing exponential growth via transformation. This will enable autonomous cars to communicate with other devices (IoT) and collaborate with other vehicles, traffic lights, mechanics, parking lots and dealers. Since every car makers is looking to adopt this technology and have an advantage over a competitor hence there is equally pressing need not only to deliver the value but also defend the value. It is expected new cars will not only be more safer but also provide better experience to customer. Digital car can be defend its value by providing build in customizied insurance and services based on customer driving behavior. Additional values could be delivered by infotainment, monitoring car diagnostics, driver health services etc. The autonomous cars could also provide movie theater experience which car is automatically driven and offer a great in-vehicle experience for drivers.

This model mainly focuses on two dimension - one which is directly facing driver and another which is internal functioning of the car. User experience could be improved by providing location based services for e.g. fastest route, shops, auto-driving, gas station and long stability of car could be improved by knowing driving behavior identify wear and tear and highlight for specific repairs before breakdown. In this model dedicated software needs to be developed - stored and leveraged. The partnerships between OEMs, suppliers, and data service providers can benefit from sharing the costs of autonomous vehicle technology. On the other hand, OEMs in particular need to maintain control over their individual value creation and their potential success in the emerging ecosystems.

Basic infrastructure and prerequisite to success will be access to satellite or mobile networks through each car. Finally, Software could boost car sales or alternatively it can be applied by using a subscription model to a centralised platform that shares specialised guidelines per driver or/and per car.

The Digital Business Model in car Industry



In fact, a variety of companies have already entered the ecosystem, seeking to capitalise on opportunities created by digital disruption. Furthermore, the idea of autonomous driverless cars gives great opportunities for less cars, more parking spaces and an eco-friendly means of regional transport to customers that could not be necessary the actual car owners.