

# Digital transformation is essential for competitiveness in the automotive industry

 By [Michael Frans](#)

9 Feb 2015

The automotive sector is currently faced with a number of challenges. These are driven by trends, such as the rise of new growth markets, changing consumer behaviour, an increasing need for greater fuel economy, new opportunities presented by connectivity, the emergence of new technology, and more.

In order to remain competitive in a changing world, automotive players need to embrace innovation that will enable them to address these trends proactively. Digital transformation is the key in taking the automotive industry into the future.

One of the biggest drivers of change in the automotive sector is consumer behaviour, which is currently influenced by a growing social trend, which, in turn, is reshaping the entire automotive ecosystem.

Today's consumers are no longer satisfied with mass-produced, off-the-shelf products. They want to customise their vehicle selection, from the colour of the paint to the interior, including entertainment and navigation systems, mobile phone integration and more, all the while maintaining complete price transparency. More than this trend for customisation, however, is the desire to be able to do all of this anytime, anywhere, at the touch of a button. In addition, increased connectivity paves the way for new possibilities enabled by mobile apps, from booking services to formulating emails using voice commands while driving, gaining preferential insurance rates as a reward for safe driving - these and more will become a reality in the not-too-distant future.

## Close the gap

The key to addressing this challenge is the ability to strengthen relationships and close the gap between automotive stakeholders and their customers - also known as 'zero distance'. Technology can assist with improving customer relationships after the sale of a car, as well as aiding manufacturers with meeting the individual needs of customers in a short space of time. This is achieved by optimising and accelerating processes, from development to production to delivery, increasing manufacturing and logistics productivity and using available information to gain insights that can be used for continual improvements.

The world is becoming increasingly customer-centric; however, along with this the automotive industry is undergoing a new evolution. New services promoting greater mobility, combined with alternative means of transport, are changing the market. Cars will continue to play a significant role in future, but this role itself is changing. The focus is beginning to shift toward smart, connected, customised mobility solutions. Supporting this evolution requires that the automotive industry transform its operations, processes, procedures and business.

## ICT is central to transformation

Central to transformation of the automotive industry in a digital world is Information and Communication Technology (ICT). In order to support the necessary flexibility and agility required by a new consumer world, ICT itself needs to transform with the assistance of centralised, platform-driven solution ICT must enable organisations to embrace new business models that support innovative customer service.

Transforming ICT toward the cloud, embracing new collaboration and security solutions, and taking a proactive approach toward digitisation are all of key importance. Innovative technologies, such as machine-to-machine (M2M) communication, cloud services, big data and cyber security requirements are driving significant change. Deployed effectively, these technologies provide a host of opportunities for the automotive sector.

ICT solutions can help the automotive industry to embrace and effectively address its challenges. Collaboration enables faster time to market, shorter response times, and transparency. All of these are essential in today's globalised economy. The cloud allows for greater flexibility, especially when new business models are required that improve customer service. Big data and business intelligence enable the development of new business models that facilitate faster responses to change. The mobile enterprise brings new business models directly to the customer, accelerates business processes, and supports intelligent, connected, customised mobility. Furthermore, intelligent partnerships strengthen relationships with other automotive partners and other sectors to deliver innovative services faster.

The combination of connectivity and innovative technologies paves the way for new automotive services and operating models. An example of this is the connected car - using a smartphone app, drivers will have access to a vast array of services, communities, gaming and security offerings. In addition, they will be able to compare their own driving style with that of others in the same vehicle model, receive vouchers for fuel or services, call for help in the event of a breakdown, gain greater visibility into car maintenance and proactively receive appointments from repairs providers. These are just some of the services that can be made available using the connected car concept.

## A host of solutions

In addition, other innovations, such as in-car hot spots and M2M multi-service platforms, can deliver a host of solutions that connect drivers to repair shops and car manufacturers via sensors and smart integration technology. This enables enhanced vehicle development, improved maintenance and repair intervals and increased customer satisfaction and loyalty.

Modular, end-to-end solutions that support the digital transformation of the automotive industry also support future technologies including self-driving vehicles, virtual co-pilot solutions and customer experience management. Connectivity and collaboration tools can help automotive businesses to reap synergies, set standards and strengthen their competitiveness, supporting all players within the automotive sector on the journey of transformation to a digital world.

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