CLEPA
European Association of Automotive Suppliers

POSITION PAPER

Access to In-Vehicle Data and Resources

For a level playing field in automotive digitalisation

Content

Executive Summary

Digitalisation is transforming the automotive industry. Connectivity and the use of in-vehicle data are the main drivers for the creation of new and innovative mobility services. The way connectivity is established determines the access to such new but also existing business models, such as repair and maintenance services (see chapters 1 and 2).

Currently, in-vehicle data are controlled and exploited commercially by vehicle manufacturers (VM). Other market participants, such as automotive suppliers, but also independent repair shops, insurance companies, parking space providers etc. depend on VMs to make data available and are therefore in a disadvantageous position. This imbalance has already been noted by the European Parliament and the European Commission (see chapter 3)

We argue that for a competitive market to be created for the benefit of businesses and consumers, access to data from connected vehicles needs to fulfil the following technical criteria: independent and unmonitored access to vehicle data and resources, all technically available vehicle data must be included, third parties must be allowed to process data in the vehicle and to interact directly with the driver (see chapter 4).

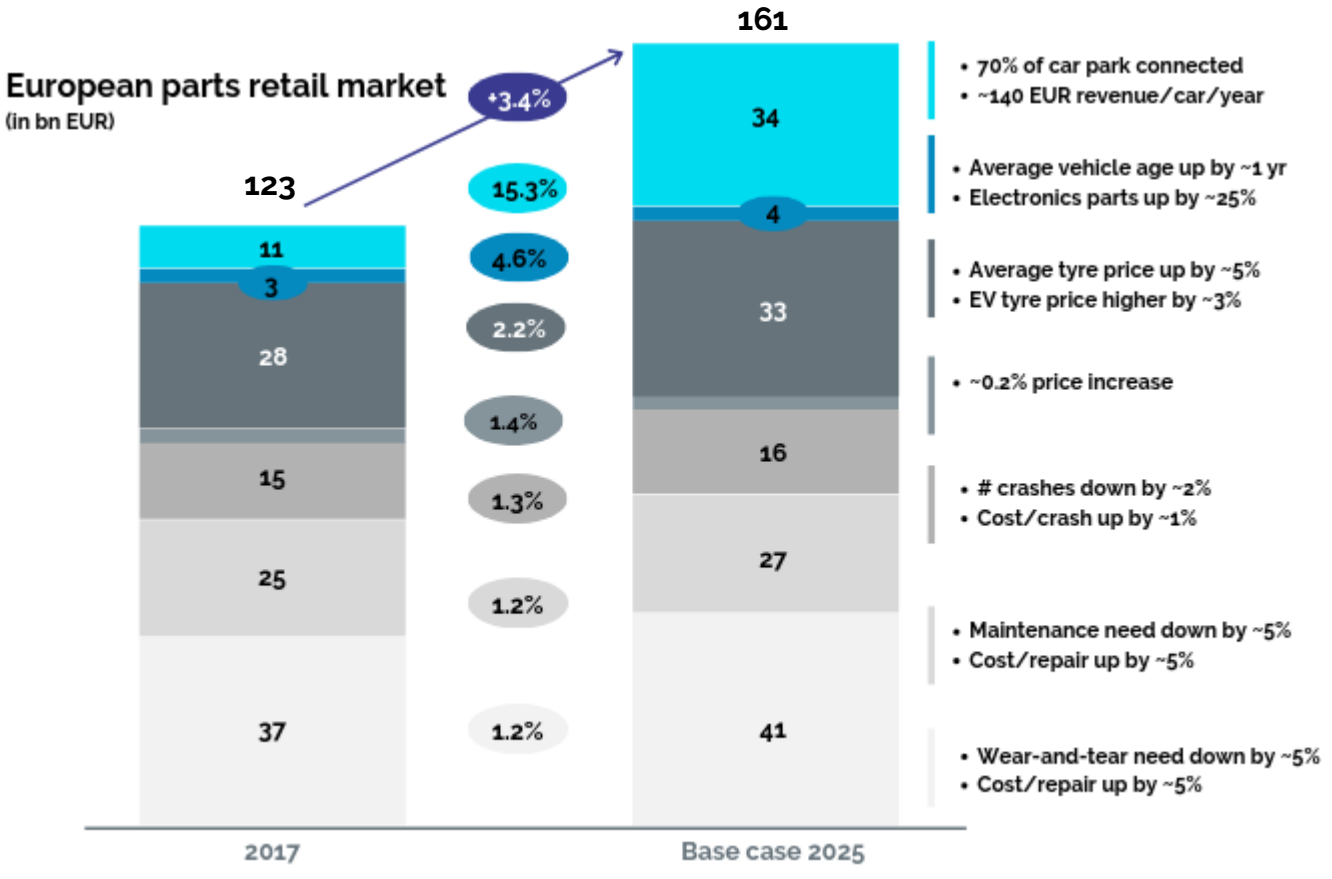
Automotive suppliers are committed to the ongoing dialogue with vehicle manufacturers (NEVADA/extended vehicle) and other stakeholders in pursuit of a result which would fully satisfy the above criteria, but we recognise that significantly more progress would be needed to reach a fruitful conclusion. We call on the regulator to carefully observe this development and explore legislative options as necessary, to support and ensure a level playing field amongst market participants, striking a balance between fair competition, the possibility for consumers to have access to different services, safety, cybersecurity, in full compliance with the legislation on competition and on the protection of personal data such as user consent for data sharing, as already stated by the European Commission.

1. Connectivity offers a new service market

The pace of technological development and the automotive sector's digitalisation are exponentially increasing. Electronic components already account for a third of a vehicle's value and it is estimated that, by 2025, 70% of the vehicle park will be connected.[1]

The possibility of seamless remote interaction with the vehicle and its user will allow new innovative services, such as remote diagnostics and prognostics, service appointments from the dashboard, software update over the air, car sharing functions, delivery to the trunk, parking or even payment services where the vehicle pays bills in parking garages or at fuel stations via a connectivity-based app.

These are only a few examples at the beginning of an innovative development process of completely new services around mobility. This market is estimated to have a potential value of about 34 bn EUR by 2025, assuming that about 70% of all vehicles are connected and consumers or fleet managers are willing to spend about 12 EUR per month to enjoy data-based vehicle services.



*General assumption: fleet increase by +1 % per year

[1]Roland Berger in ETRMA/Quantalyse report 'Connected & Automated Mobility – Tyre Industry Use Cases That Require Direct Access to In-Vehicle Data,' June 2019.

2. Connectivity as a game changer for access to the repair and maintenance business

With a value of over 240 bn EUR, the existing repair, service and maintenance market is currently much larger than the emerging new services market. Since connectivity provides first-hand information on upcoming service demand, it will be crucial for consumers and fleet owners to be able to share such information discretely with the service partner of their choice. The technical possibility to provide such services and to interact with the vehicle driver remotely will be fundamental for all kinds of service partners to provide competitive repair and maintenance services in the interest of consumers.

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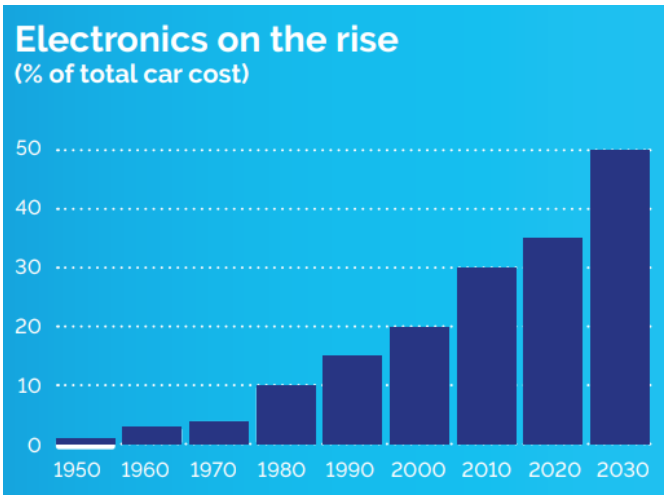
The advent of connected vehicles is dramatically changing the automotive landscape. The data that was previously accessed via a physical connection and a diagnostic tool in a repair shop is more and more accessible remotely, and competition now starts in the vehicle where data quality, the amount of available data and the ability to safely access car functionalities determine the quality and the type of services which can be offered.

To ensure competition among service partners, independent and unmonitored access to in-vehicle data and resources will be key to utilise the full potential of new and innovative data-based business models and to maintain fair competition in the market for automotive services.

In two recent resolutions,[2] the European Parliament has called for concrete solutions, asking the European Commission to explore and propose legislation in order to ensure "fair, secure, real-time and technology neutral access to in-vehicle data for some third-party entities." Furthermore, following up on its 2017 communication on "Building a European Data Economy," the Commission published several studies[3] providing evidence on the legal and economic impact of various data access models.



[2]European Parliament resolution on a European strategy on Cooperative Intelligent Transport Systems (C-ITS), 13 March 2018; European Parliament resolution on Autonomous driving in European transport, 5 December 2018.
[3]JRC study on access to digital car data and competition in aftersales services, September 2018; TRL report on Access to In-vehicle Data and Resources, May 2017.

3. Unmonitored and independent access to in-vehicle data and resources

As mobility is a fundamental need for our society and market access is increasingly dependent on connectivity, CLEPA has been arguing for years that all market players need to be able to make equal use of in-vehicle data and resources for creative new and innovative services.[4]

While different models for data access are being discussed, the European Commission is committed to "striking a balance between fair competition, the possibility for consumers to have access to different services, safety, cybersecurity, in full compliance with the legislation on competition and on the protection of personal data such as user consent for data sharing."[5] CLEPA fully supports this approach, and notes that the European Parliament called upon the Commission to publish a legislative proposal to ensure a level playing field for access to in-vehicle data and resources, protecting consumer rights and promoting innovation and fair competition.

Currently all connected vehicles are communicating only with vehicle manufacturers' (VM) backend servers. This assigns to VMs a role as gatekeeper and gives them a privileged position regarding access to in-vehicle data and resources, which in practice results in privileged access to the market.

Although VMs are willing to share data with third parties via the extended vehicle concept, either on the basis of B2B agreements or based on commercial agreements with neutral servers, CLEPA has experienced in several realised use cases that third parties do not get access to all in-vehicle data, functions and resources which are technically available and which are a prerequisite for innovative and competitive services.

[4]CLEPA Position Paper, Open Telematics Platform, 22nd July 2015.

[5]Chapter 5 of the Third Mobility Package communication, 'On the road to automated mobility: An EU strategy for mobility of the future,' 17 May 2018

CLEPA sees a risk that any market player which is acting both as gatekeeper and service provider might take advantage by restricting the quantity or quality of services that third parties may offer to consumers, or by making use of the technical and commercial know-how gained via that gatekeeper role. Therefore, we see a high risk of competition being distorted by the unbalanced market power of gatekeepers increasing their control over relations with the end consumer and by the possibility to monitor their competitors.

A level playing field is a prerequisite to boost innovation

Safeguarding effective competition will also enable independent suppliers and service providers to come up with innovative solutions and allow new business models to emerge. In the automotive sector more than any other, innovation is the key for Europe to maintain its leading position worldwide, as connectivity is one of the major trends with disruptive potential for the entire repair and maintenance market.

3.1. Increasing choice for the consumer and ensuring privacy

Today, consumers in the EU enjoy the free choice of where to get vehicles repaired and maintained. This is supported by strong legislation on Repair and Maintenance Information (RMI) which was established over the last decade and was strengthened in the type-approval regulation 885/2018.

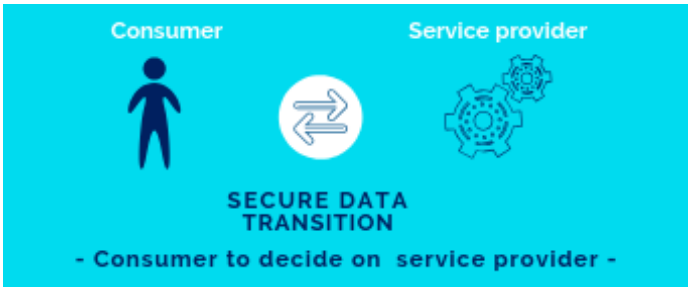
Similarly, the same rights should be guaranteed in the digital world of data: consumers should be free to select the service provider of their choice. This requires that independent market participants must have competitive access to in-vehicle data, functions and resources, free of charge, and in a non-discriminatory way.

It is essential to put consumers in full control to decide which service providers can access their data, without interference by any gatekeeper

In the context of growing citizen concerns about privacy and the use of their personal data, it is essential to put consumers in full control to decide which service providers can access their data, without interference by any gatekeeper. At the moment, for in-vehicle services, consumers' only possible choice is to accept or refuse the services offered by the VM. They do not have the possibility to choose a different provider for these services.

All studies conducted by the European Commission[6] emphasise the necessity of a level playing field and the advantages of in-vehicle telematics systems, either called "On-Board Application Platform" (OBAB) or "Open Telematics Platform" (OTP).

These systems are allowing applications to be safely and securely implemented in the vehicle to optimise data processing and to allow independent service providers to offer their services via decentralised communication to and from the vehicle. This would put consumers in the driver's seat, allowing them to choose the services best suited to their needs and to give their direct consent to data processing only for the services they wish to use, thus also guaranteeing direct compliance with data protection rules. CLEPA sees such functionalities as relevant to ensure effective market competition and to secure consumer's interests.



[6] JRC study on access to digital car data and competition in aftersales services, September 2018; TRL report on Access to In-vehicle Data and Resources, May 2017.

3.2. Supporting economic growth and creating jobs

While the existing repair and maintenance market in Europe is well known, with a total value of 240 bn EUR by serving around 400 million vehicles of all types and employing about 4 million people, the potential market size for new mobility services is not yet known.

However, TRL expects it to be "very significant and considerably greater than the cost of implementing any solution" for data access, further adding that "these services have massive potential benefits."[7] Using a relatively conservative estimate for the annual value generated by these new services of €140 per vehicle, the future market's size could be around €34 billion by 2025.[8] Other studies have put forward even larger figures.

In the absence of regulatory intervention, motorist consumers and independent service providers could suffer additional costs and losses of up to €65 billion by 2030, according to a recent FIA Region I study.[9] This would mainly be caused by fees charged by vehicle manufacturers and the competitive disadvantage for independent service providers versus gatekeepers who are able to gain market intelligence by monitoring data traffic.

[7]TRL report on Access to In-vehicle Data and Resources, May 2017.
[8]QVARTZ/Stern Stewart & Co. white paper 'The automotive aftermarket in 2025 – Trends and implications,' August 2018.
[9]Quantalyse/Schönenberger Advisory Services Study for FIA Region I 'The automotive digital transformation and the economic impacts of existing data access models,' March 2019.

4. What do we ask for?

We argue that for a competitive market to be created for the benefit of businesses and consumers, access to in-vehicle data and resources from connected vehicles needs to fulfil the following key principles:

- **Non monitoring:** Unmonitored, independent access, without the need to disclose customer information to the car manufacturer.
- **Full access:** Access to all technically available vehicle data, functions and resources via bi-directional communication independent from the usage by VMs for their services
- **Independent access:** Possibility to operate own software in the vehicle to collect, process, and analyse data in the vehicle.
- **Direct access to the consumer:** Possibility to safely interact with the driver via access to the vehicle resources, such as display and audio systems (voice command).

Conclusions

Automotive suppliers are committed to the ongoing dialogue with vehicle manufacturers (NEVADA/extended vehicle) and other stakeholders in pursuit of a result which would fully satisfy the above criteria, but we recognise that significantly more progress would be needed to reach a fruitful conclusion.

We call on the regulator to carefully observe this development and explore legislative options as necessary, to support and ensure a level playing field amongst market participants, striking a balance between fair competition, the possibility for consumers to have access to different services, safety, cybersecurity, in full compliance with the legislation on competition and on the protection of personal data such as user consent for data sharing, as already stated by the European Commission.

CLEPA, the European Association of Automotive Suppliers, represents over 3.000 companies supplying state-of-the-art components and innovative technologies for safe, smart and sustainable mobility.

CLEPA brings together over 120 global suppliers of car parts, systems and modules and more than 20 national trade associations and European sector associations. CLEPA is the voice of the EU automotive supplier industry linking the sector to policy makers.

- The automotive sector accounts for **30% of R&D** in the EU, making it the number one investor.
- European automotive suppliers invest over **25 billion euros** yearly in research and development.
- Automotive suppliers register over **9,000 new patents** each year.
- Automotive suppliers in Europe generate **five million** direct and indirect jobs.

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