



Easy-OBU Project

WP5: Market Analysis, Commercial Feasibility Study

Summary of Key Insights

Telematika, strategie, legislativa Prague/11.4.2014



Easy-OBU research project in a nutshell: GSA supported international project aimed at an introduction of cheap positioning solution with improved accuracy

- **What are we doing:** we are developing and preparing market introduction of a new On-Board-Unit capable of providing more accurate location information in challenging situations (such as tunnels) at low cost
- **Who we are:** an international consortium consisting of Efcon (AT), PWP Systems (DE), Austriatech (AT), ITS&S Association (CZ) and ČVUT (CZ)
- **Public support:** the project is partially funded from the 7th Frame Programme of the European Union



This project is funded by the European Union and carried out in the context of the Galileo FP7 R&D programme supervised by the GSA



Summary of Key Insights into the Easy-OBU Target Market

PEST analysis

- GNSS is a successful technology that is here to stay
- GNSS has become a technology that enhances our daily lives
- Political aspects still drive strategic decisions while commercial use is booming

Market Research

- International (CZ, AT, DE, CH) focus group of 24 end users as well as potential integrators
- Face to Face interview covering technology, business oriented use case, sourcing model
- Various industry groups covered with above average share of ITS solution providers

Proposition

- 83% of respondents believe the Easy-OBU value proposition creates competitive advantage
- Integration model flexibility is a key, Easy-OBU seen more as a feature of complex solutions
- Easy-OBU is attractive for the premium market and “responsibility” / “financial” use cases

Price Perception

- € 100 – 200 units will not disrupt the current landscape and
- Cost of unit is a rather minor cost element of professional solutions on the premium market
- The price is still too high for the last large mass market – personal vehicle

Target Markets

- Replacement of “scientific grade GPS” units is promising, but market is rather small
- Logistics is a large market, Easy-OBU targets only the premium “top” of it
- ITS for clean mobility is an emerging market with evolving needs



Quick Summary from PEST Analysis: GNSS is a technology with traction and is here to stay with us for a foreseeable future

Political Aspects

- States drive GNSS activities, strategic and military considerations play an important role
- Public availability is promoted, but subordinated to military use in case of conflict
- Widespread use of personal navigation and tracking tools raises privacy concerns

Economic Aspects

- With costs borne largely by the states, the commercial GNSS market grows
- GNSS can contribute to economic growth and employment in the transforming information society

Social Aspects

- Smartphones have turned GNSS into a technology used every day by hundreds of millions of people worldwide
- Widespread use of GNSS may lead to a dependence on the technology
- GNSS brings actual improvements in the quality of life

Technological Aspects

- Positioning accuracy is satisfactory for majority of applications, but requirements will rise in the future



Easy-OBU Value Proposition: Attractive for End Users as well as System Integrators

the users practically see lower availability as lower precision in their real-life use cases

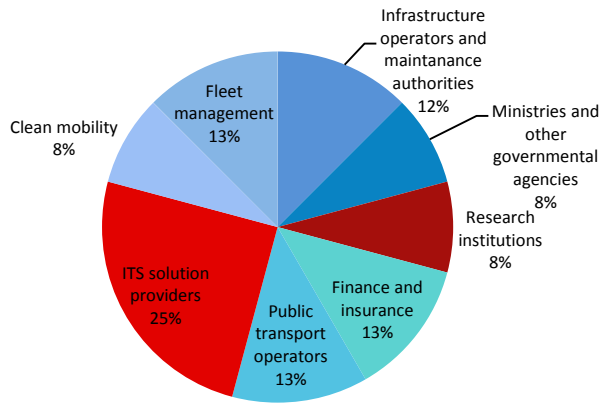
**“improved localization availability,
at an affordable price in
a commercially usable package”**

83 % of our focus group believes this proposition creates a **competitive advantage** for their use cases

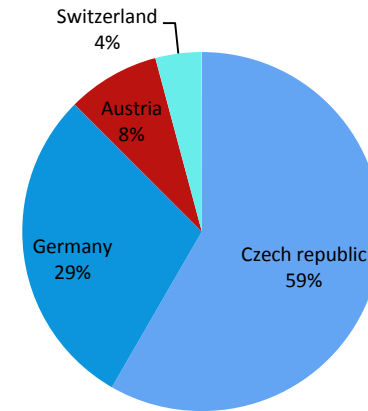


Approach to Market Research: Carefully selected high-profile Focus Group

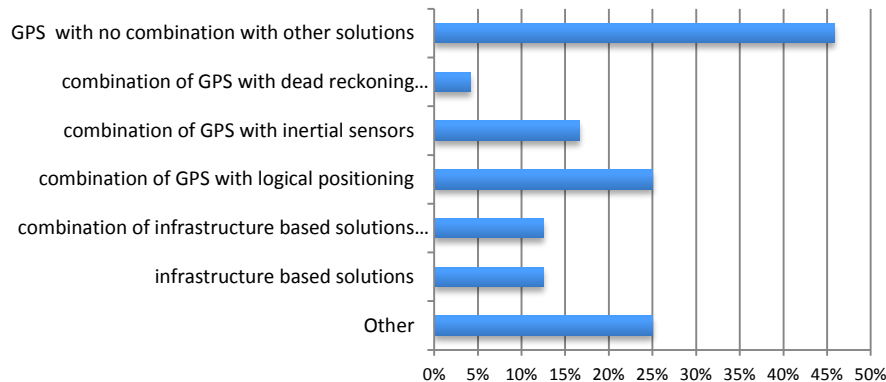
Industrial composition of the respondents



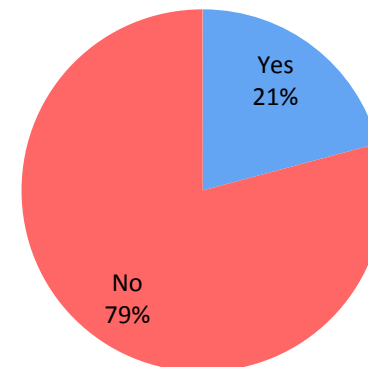
Place of business among respondents



Experience with location technologies



Current usage of location improvement technologies among respondents





Product Proposition: Core is Attractive, needs a Go-To-Market Strategy and Integration Partnerships

Precise location with delay up to 10 minutes is attractive

As majority of the use cases for precise localization features require data post-processing in a back-office, the delay is not a crucial issue.

Easy-OBU is not a product - it is a feature

Improved location is a feature of GNSS telematic solution, not a product as such.

Partnerships and design for high degree of integration capability are crucial

Easy-OBU being a feature, not product, and a part of broader telematic service value proposition will always be dependent on partnerships. Easy-OBU will therefore always have two clients – the partners and the end-users.

Clients solve not only location precision problem, but also security, privacy and trustworthiness issues

The high-end market is not concerned only with precision. Some new advanced apps are viable only when all issues are solved, not only location precision.

High service availability is a must, vertical functionality must be ensured

Advanced applications are usually mission-critical. The whole “Powered by Easy-OBU” vertical solution must be reliable and perfectly working even if it is delivered together with a hardware partner.



Price Perception: € 100 – 200 is everything but a „Disruptive Force“

Hi-end professional solutions

OBU Hardware price is only a fraction of full solution cost (mainly when seen through its life cycle costs). The value proposition of Easy-OBU promises entirely new use cases or replacement of other technologies.

Price difference of few dozens of Euros in the unit price is therefore not the part of the proposition that will sell Easy-OBU into this market.

Mass Market Disruption

Price between € 100 – 200 is still too high for consumer oriented solutions, such as insurance. Price below € 100 could change the game for solutions in which the OBU is a part of service that the service provider needs to control.

For the “just for personal use” cases: GNSS enabled smartphones are the real disruptive force.

RECOMMENDATION

Price is not the attractor for the high-end market. The real competition are much more expensive “scientific grade” systems. The location precision service needs a price tag more than the unit.



Target Market Highlights show an array of specific Industry Needs

Infrastructure operators: Replacement of the “scientific grade” GPS system for **road surface monitoring systems** (if the solution shows to be precise enough)

Finance: Increased precision makes the **fraud detection business case** more interesting

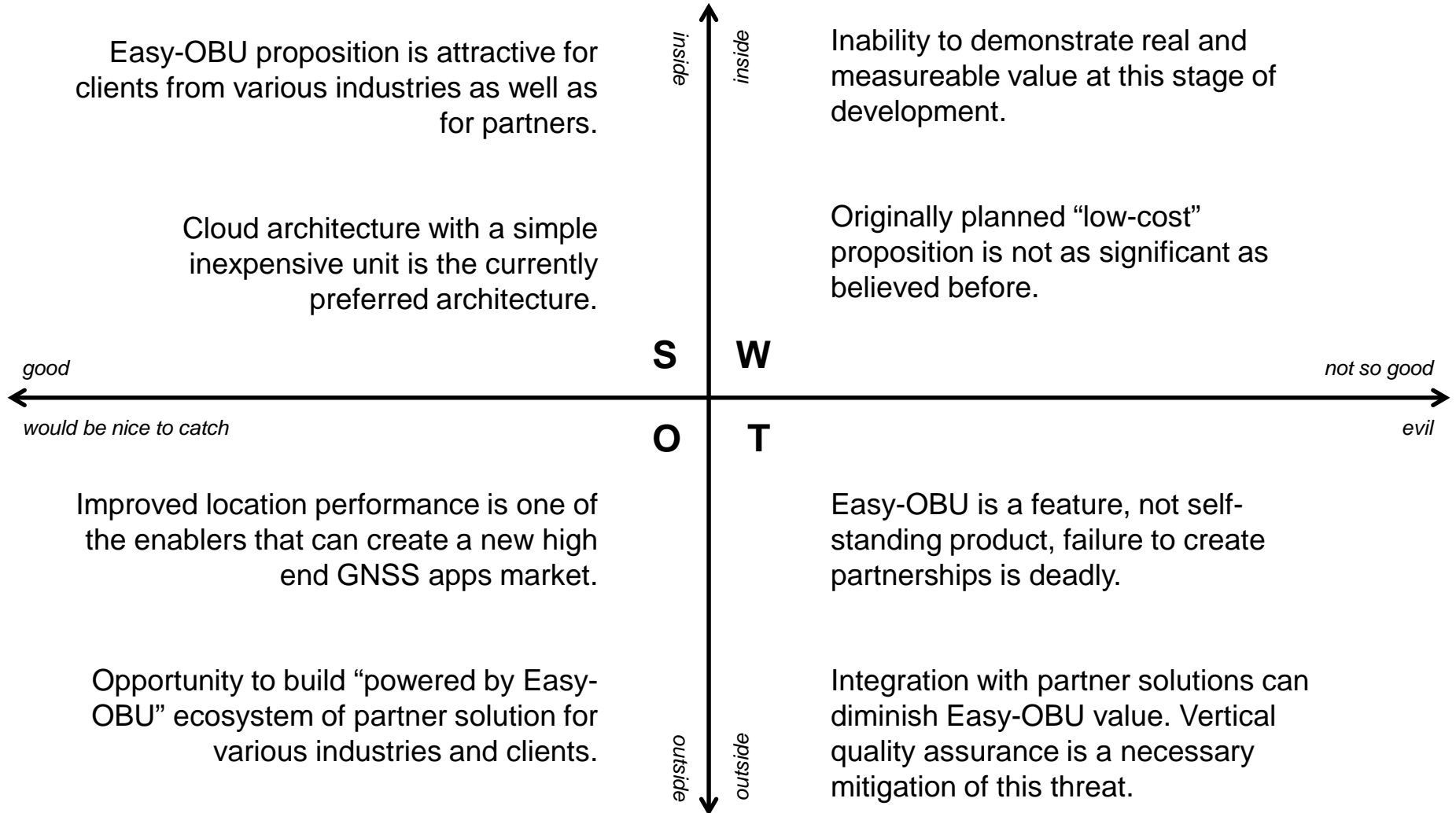
Public transport: Easy-OBU may be a promising **replacement for legacy** localization infrastructure (such as IR beacons)

Clean mobility: **Requirements** of the emerging industry are **still shaping** Easy-OBU precision could enable new billing models

Fleet management: Large market, but only the most **advanced apps** **would benefit** from Easy-OBU precision



Summary SWOT: Attractive Proposition in a need of matching Distribution model and Ecosystem Management





Wrap-up: Recommendations & Next Actions

Based on the insights gained through the market analysis, we recommended two actions to be focused on in other project packages:

1 **Prove the value in the prepared pilot**

The pilot operation must prove not only the functionality of the solution, but also demonstrate the value of Easy-OBU in direct comparison with plain GPS data.

2 **Get the product ready for partnerships - start to talk to integrators**

Close partnerships with integrators and telematic services providers. The Easy-OBU design must be ready for various integration models and has to reflect the needs and technical possibilities of the partners.



IN PROGRESS

Both recommendation have been taken over by the respective work package leaders and are executed within the work packages



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<http://www.sdt.cz/page.php?id=102>