



BREAKDOWN SHAKEUP

REIMAGINING ROADSIDE ASSISTANCE IN THE ERA OF NEW MOBILITY

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INTRODUCTION

The traditional Roadside Assistance market is undergoing a paradigm shift from servicing OEMs and insurance carriers to catering to broader automotive, mobility and transportation solutions. Overall, the older singular concept of Roadside is expanding to include Homeside, Workside and new services around an expanding vehicle set. Asset-free (e.g., rideshare) and asset-owning (rental fleet companies and OEMs) operators will increase the Roadside market to include servicing transport network companies in addition to the majority consumer market that exists today. All of these larger mobility and technological trends are underpinned by critical macro shifts that present a tremendous opportunity for a modern approach to Mobility Assistance.

ROADSIDE REARVIEW

Historically, the Roadside market has been broadly dominated by incumbents like auto clubs. These organizations use Roadside to drive their customers into related business offerings.

OEMs entered the Roadside market to improve customer loyalty and provide a solution set that drives demand into their dealerships. High Roadside customer satisfaction, or CSAT, allows OEMs to continue strong direct relationships with their end customer, which provides them opportunities to sell other current and future related services.

In most of cases, the concept of Roadside was simply to provide adjacent services to win additional customer loyalty, which in turn leads to better retention and higher revenues. But dimly low customer service scores on Roadside, long wait times, and non-standard service began to negatively affect consumer opinions on core offerings. Platforms and technology were never built to optimize Roadside routing, jobs and customer opinions.

A breakdown is a very nerve-wracking experience for most customers, since the entire chain is fragmented – from websites to apps to phone calls to physical cards to coordinate the whole process – and the event is both unexpected and unplanned for. This leads to frustration and leaves OEMs and insurance companies questioning what part of the pipeline went wrong. In the face of changing customer preferences, and as OEMs' look to control the end-to-end mobility experience of their customers, the Roadside assistance industry is compelled to innovate.

The traditional Roadside Assistance model has been primed for disruption for some time. This paper examines the convergence of market forces driving Roadside's evolution to Mobility Assistance for an expanding array of transportation options across consumer, logistic and technology markets.

THE EXPANDING MOBILITY ECOSYSTEM

We are in the midst of a radical transformation in mobility, transportation, delivery and autonomy. It starts with personal mobility. Experts from PTOLEMUS Consulting Group estimate global mobility will grow by 55 percent to generating 43.5 trillion passenger miles.

Much of this growth can be attributed to an expanding mobility ecosystem which includes increasingly sophisticated cars and trucks, car-sharing/ride-sharing, electric and alternative power vehicles, autonomous vehicles, micromobility, like E-bikes and scooters, and robotic delivery vehicles, including drones.

Among the segments driving growth is connected cars, which IHS Markit predicts will reach 72.5 million sales units worldwide in 2023, up from just 24 million units in 2015. IHS Markit also forecasts total global sales of self-driving cars will reach 21 million in 2035, up from nearly 600,000 units in 2025. Between now and 2035, nearly 76 million vehicles with some level of autonomy will be sold globally.

This all means more things moving and more things breaking.

TRENDS & OTHER DRIVERS

The entire Mobility Assistance business is going through a paradigm shift across several broad areas:

- **Homeside and Workside will become extensions of Roadside.** As EV and connected mobility solutions increase. Consumer mobility assistance service points will expand and become more tightly integrated with where people live and work. Mobile or semi mobile EV charging stations may be necessary for apartment buildings where there is not much space for putting permanent charging stations. And if EVs are favored by lease and subscription fleet businesses, then homeside services could be one way for these fleet owners to differentiate.
- **An accelerating EV market requires its own set of Roadside resources.** China and California are pushing electric vehicles as a means to combat air pollution both through regulation enforcement and incentives. Volvo, GM, VW and others have publically stated they are planning large capital expenditures to accelerate this market. This will continue to accelerate the EV market globally. This means more charging stations, mobile charging network, including the home and work-based systems.
- **Uber's rideshare success is a catalyst for OEMs to invest heavily in owned and operated fleets.** Some OEM models suggest a rideshare car could be worth hundreds of

thousands of dollars in revenue versus the \$30K they generate today on a new car. The revenue impacts across OEMs vary, but a clear upside exists.

- **Shared vehicles are also expected to gross around 65K miles per year according to the U.S. Energy Information Administration, leading to more wear and tear on tires, battery and parts.** This will result in more miles on fleet owned cars in a shorter amount of time versus the typical consumer usage we see today. Rental car companies, which are some of the largest fleet operators in the world, are moving into this market driven by the same unit economics.
- **Factoring in new forms of mobility, PTOLEMUS forecasts 43.5 trillion personal miles** will be traveled globally by 2030.
- **Amazon's stakes a claim.** Amazon has entered the US aftermarket auto parts business, a \$287B domestic market (source: O'Reilly Auto Parts) that is forecast to exceed \$1T globally by 2022 (source: Global Industry Analysts). In a typical Amazon market entry strategy, the company began integrating thousands of automotive SKUs and offering same day delivery in 42 US Markets. Given that roughly 60% of the auto aftermarket business is DIY, Amazon's entry will cause heavy pressure on aftermarket auto suppliers (and repair shops) to increase service to a customer set that will increasingly shop online.
- **Autonomous fleets are not immune to breakdowns and other roadside problems.** Google and autonomous companies are building autonomous vehicle fleets to compete in rideshare by removing the cost of the driver. These vehicles will break, crash, run out of charges, get stuck and need to be fixed or recovered. A subset of people will be nervous of technological change. In the 19th century English textile workers, called Luddite's destroyed textile machinery because they believed this new technology would make learning more crafts skills obsolete. Expect a parallel to emerge as autonomy grows. *The New York Times*, for example, reported that Waymo's autonomous test vehicles are being harassed and vandalized in Arizona.
- **Drones and autonomous flight operations will increase over time.** These systems will break, crash, run out of charges, get stuck and need to be fixed or recovered.
- **The rise of micro-mobility presents new assistance needs.** Electric scooters, bikes and other urban dense short-trip mobility services will continue to grow. Indeed, according to Micro-mobility.io, "In a very short time, shared scooters and dockless bikes, have attracted nearly 500 million users, making micro-mobility the fastest technological adoption in history."

FULFILLING THE AMBITIONS OF MODERN MOBILITY ASSISTANCE

The broad mobility market impacts described above will cause increased reliance on an expanded set of Mobility Assistance services. The following table provides a view into what to expect as modern Mobility drives needs and expectations of stakeholders across the ecosystem.

MARKET DRIVER	CONSEQUENCES & AMBITIONS
Homeside, Workside market emerges	<ul style="list-style-type: none">At home or at the office, consumers increasingly want their products delivered and their services performed when it's convenient for them. As connected mobility increases and EV becomes more prominent, consumers will start seeking typical Roadside services at home and work. As we have seen in other verticals, consumers are pushing the delivery and services market to provide products and services where and when they want them (e.g. DoorDash and Amazon Prime Delivery). EVs will fail to charge. Charging systems will break or need repair. Consumers and connected vehicles will call ahead for services to be completed at home or at the office in off driving hours.
EVs have fewer moving parts and therefore require fewer complex repairs	<ul style="list-style-type: none">There are 229,000 repair shops in the US. Over time, independent mechanic shop numbers will be reduced and more of this business will shift to OEMs and aftermarket suppliers doing technical diagnosis, battery swaps, circuit board replacements and other technical maintenance work. Increasingly, these services will be done at Roadside or at a certified dealer, a national chain or their affiliates and not independent shops at a competitive disadvantage.Integrated into OEM and other partner offerings, the Urgent.ly platform facilitates on-the-spot repair of most (if not all) issues, thus optimizing repair cost and reducing down time. The modern mobility techs can carry frequently broken parts or parts can be delivered in a few minutes by drones.EVs need home and work charging stations. This will expand Roadside directly to the home (Homeside, Workside). Vehicles will need to be charged when home systems break (e.g., out of gas) or in the case of California rolling blackouts. Additionally, home/work system EV repair will expand creating a new Roadside market.

MARKET DRIVER	CONSEQUENCES & AMBITIONS
The Roadside market is driven by miles vehicles travel	<ul style="list-style-type: none">• Miles driven on vehicles will increase as autonomous vehicles increase, EVs have longer ranges and OEMs operate their own fleets. This is similar to how Uber increased rides in a traditional taxi market. Given that batteries and tires are a substantial amount of the auto aftermarket, cars will last longer and be driven more, an increasing number of Roadside jobs will be battery and tire swaps (and diagnosis) versus towing.• Increases in miles traveled are expected to be driven by new mobility solutions like moving offices, increasing ride sharing, new premium vehicle experiences, and increased use of mobility services by the very old and the very young. Miles traveled is a fundamental driver of Roadside assistance needs.
Amazon entering the auto aftermarket	<ul style="list-style-type: none">• Given that 60% of the auto aftermarket business is DIY, Amazon's entry will cause heavy pressure on aftermarket auto suppliers (and repair shops) to increase service to a customer set that will increasingly shop online.• The first pressures will be felt on battery and tire sellers given the high percentage these products account for in the market. Urgent.ly has already seen increased demand for these two key Roadside services. Tows will increasingly be driven to preferred repair shops and dealers causing market consolidation. There is already current demand for Roadside assistance that provides fully automated video and photo-based automated adjustment estimation processes.
Google, drones, automation and flying machines	<ul style="list-style-type: none">• We are poised for a massive increase in the number of mobility and transport machines operating in cities across the roadways and the airspace. The government is discussing flight operations in city environments. In all the excitement, there is little mention that machines will need to be recovered and repaired. The vast majority of companies will not have the scale to recover or repair machines at Roadside and therefore will turn to companies like Urgent.ly who have a national network for fast pick up recovery and onsite repair.

MARKET DRIVER	CONSEQUENCES & AMBITIONS
Wounded birds and how to fix them: scooter and short trip mobility	<ul style="list-style-type: none">• Short-term mobility services and last mile mobility will continue to see massive increases in growth and ridership. This will lead to clogged pedestrian traffic areas (sidewalks verse streets), accidents, helmet law confusion and lawsuits stemming from private property injury (e.g., parking lots). Cash-strapped local governments will begin to issue citations and permits as a means to generate revenue and control the growth. Local real estate owners will step in and offer to rent space for rideshare companies much like they offer advertising companies billboard space. Both city governments and private property owners will demand a consistent level of service for collection, charging, maintenance and battery replacement. Scooters, already equipped with cellular connectivity and communicating real-time battery status, will be able to autonomously connect with and request assistance from a Mobility Assistance platform like Urgent.ly.

MODERN MOBILITY ASSISTANCE

The Roadside market is made up of companies that built their Roadside assistance businesses with folding printed maps, telephones, fax machines and long-term provider contracts. Today's mobility demands a modern approach. As we consider the evolution of the traditional Roadside experience, imagine a world where you no longer have to wonder where help is and when it will arrive. Imagine a world where you don't have to experience long and frustrating waits for Roadside Assistance.

Urgent.ly is one provider that has modernized the Roadside experience with real-time mapping, routing, dispatching, job scaling, automated case management and CSR tools built on hundreds of real-time attributes that go into dispositioning a dispatch and price, all while providing industry-leading customer satisfaction scores.

Urgent.ly's approach has been to imagine the future service network model and assemble a nationwide network of roadside assistance, towing professionals and more, whose business goals and practices align with the expanding future of the mobility ecosystem. Part of the thesis is treating the service provider as a true partner, resulting in a high-performing, technology-savvy, and responsive network for servicing today's needs, while working together to ensure service capability for the future. Service partners that are embracing new technology like Urgent.ly are experiencing above average growth.

As global OEMs, insurance and mobility companies continue to seek innovation, and build and underwrite new mobility options, they are looking to partners like Urgent.ly that can provide transparency and real-time data to evolve Roadside and broader Mobility Assistance for today's vehicles and the diverse fleets of the future.

SUMMARY

We are in the midst of a radical transformation in mobility, transportation, delivery and autonomy. Global automotive and new mobility companies are increasingly designing and marketing more transportation options with varying tasks, sizes and complexity. This level of innovation will render traditional roadside assistance obsolete, evolving into mobility assistance that can service today's vehicles and fleets of the future that will include electric vehicles, autonomous vehicles, micro-mobility vehicles, drones, robotic delivery and more.

The traditional Roadside industry's lack of a customer-centric and technologically driven solution has created an opportunity for a platform like Urgent.ly, which delivers help through a seamless, end-to-end digital platform, viewable by every stakeholder in real time. The platform places Urgent.ly at the intersection of an expanding set of market opportunities driven by underlying macro changes across mobility, transport, automation and technology.

ABOUT URGENT.LY

Urgent.ly's Global Mobility and Roadside Assistance Platform sits at the center of expanding transportation options for consumers, logistics and technology companies. Analysts are projecting travel miles to increase by one third globally by 2030, from new services, vehicles and uses. This means more things moving and more things breaking down. Urgent.ly delivers help through a seamless, end-to-end digital platform, viewable by every stakeholder in real time. This is why Urgent.ly is the first choice of leading global brands trusted by millions of consumers across automotive, insurance, telematics and new technology transportation companies.

For more information, visit <http://www.getUrgent.ly.com> or contact:

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SOURCES

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