OLIVER WYMAN

AUTOMOTIVE MANAGER 2015
BY THE NUMBERS

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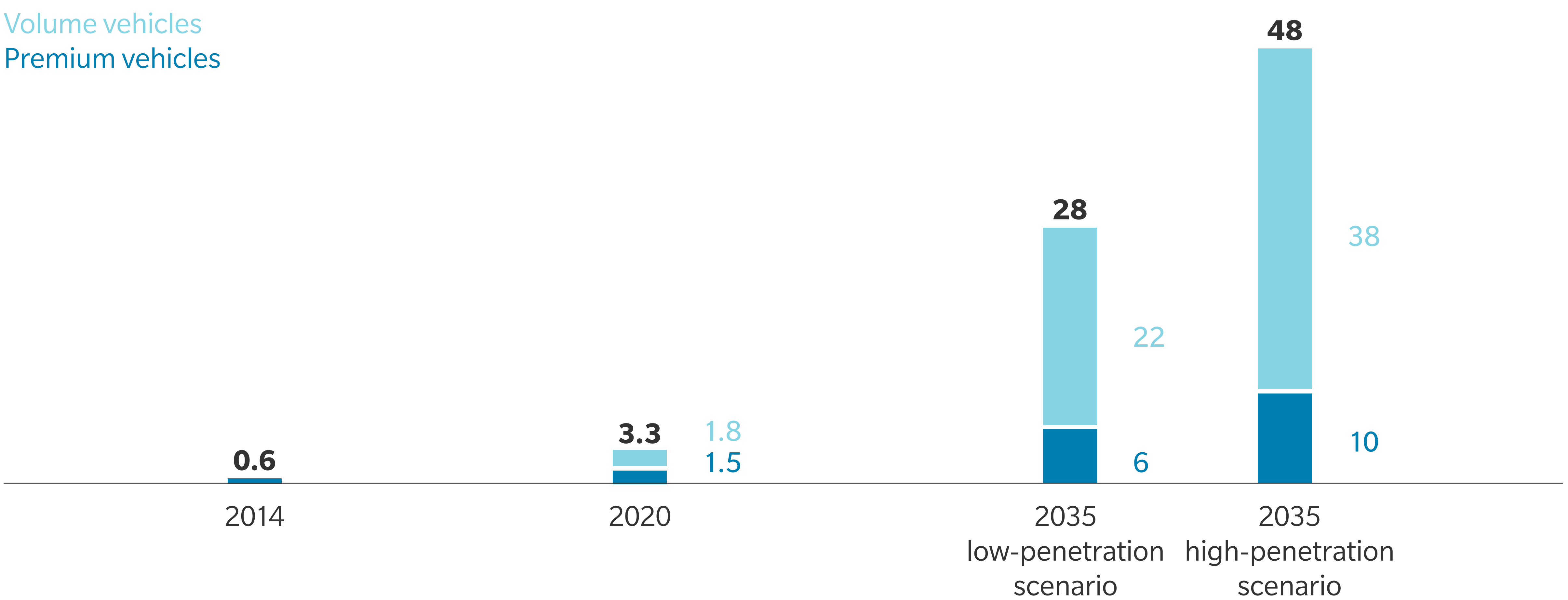
MARSH & McLENNAN COMPANIES

Digitization will vastly change the automotive world. Technological innovation of products and related services will increase safety and comfort as well as the quality of touch points between client and brand. Necessary investments in software, data analytics, and other IT are already paying off – in terms of cost efficiency, higher margins, and innovative perspectives on customer loyalty.

GLOBAL PRODUCTION FORECAST FOR SEMI- AND FULLY AUTOMATED VEHICLES

IN MILLIONS OF UNITS: PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES, 2014–2035



Total market share			**~ 20%**	**~ 35%**

Source: LMC AUTOMOTIVE GCAT Q2/2014; Oliver Wyman analysis

MATRIX OF PLAYERS THAT COULD POTENTIALLY PROFIT FROM AUTONOMOUS VEHICLES

VALUE BUCKETS

PLAYERS	SAFETY	MOBILITY	BIG DATA	URBAN INFRASTRUCTURE	LOGISTICS
Consumer	X	X	X	X	X
Automaker	(X)	(X)	X[2]		
Supplier	(X)	(X)	X[2]		
IT company	(X)	X[1]	X		(X)
Insurance	(X)	(X)	X		

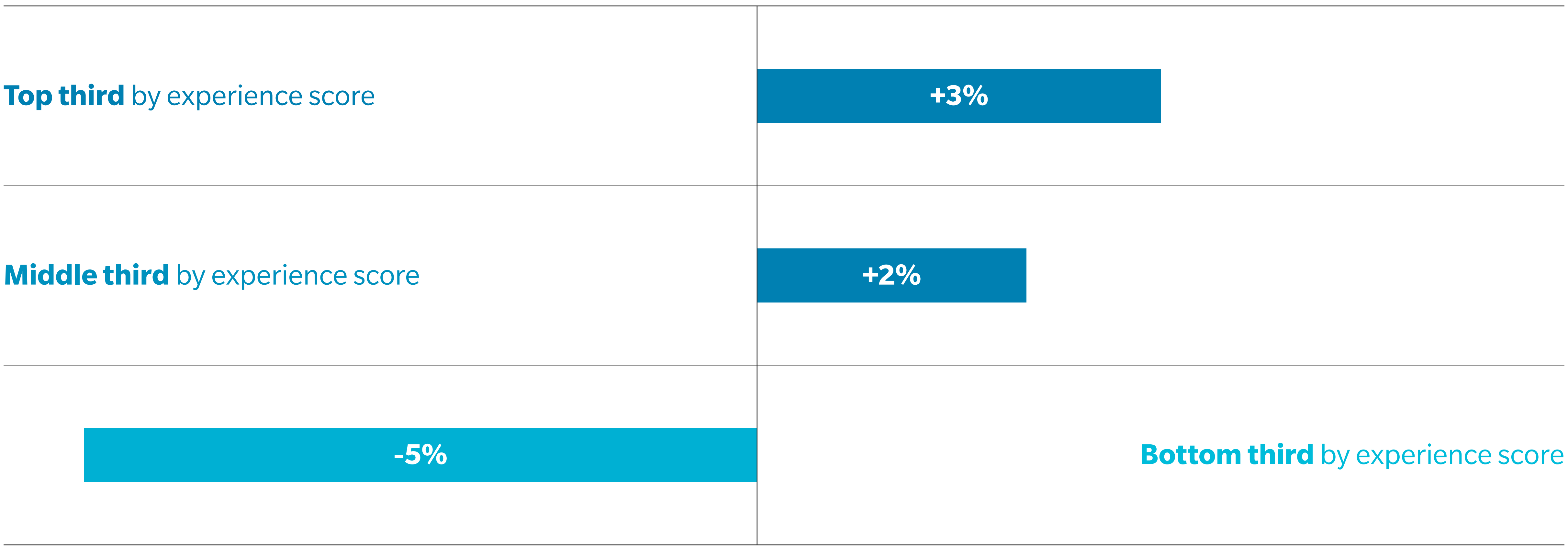
X : directly dependent
(X) : indirectly dependent
(e.g., due to increased willingness to pay or shifting demand)

1 Especially the online advertising market
2 Leverage, e.g., for R&D purposes

Source: Oliver Wyman Analysis

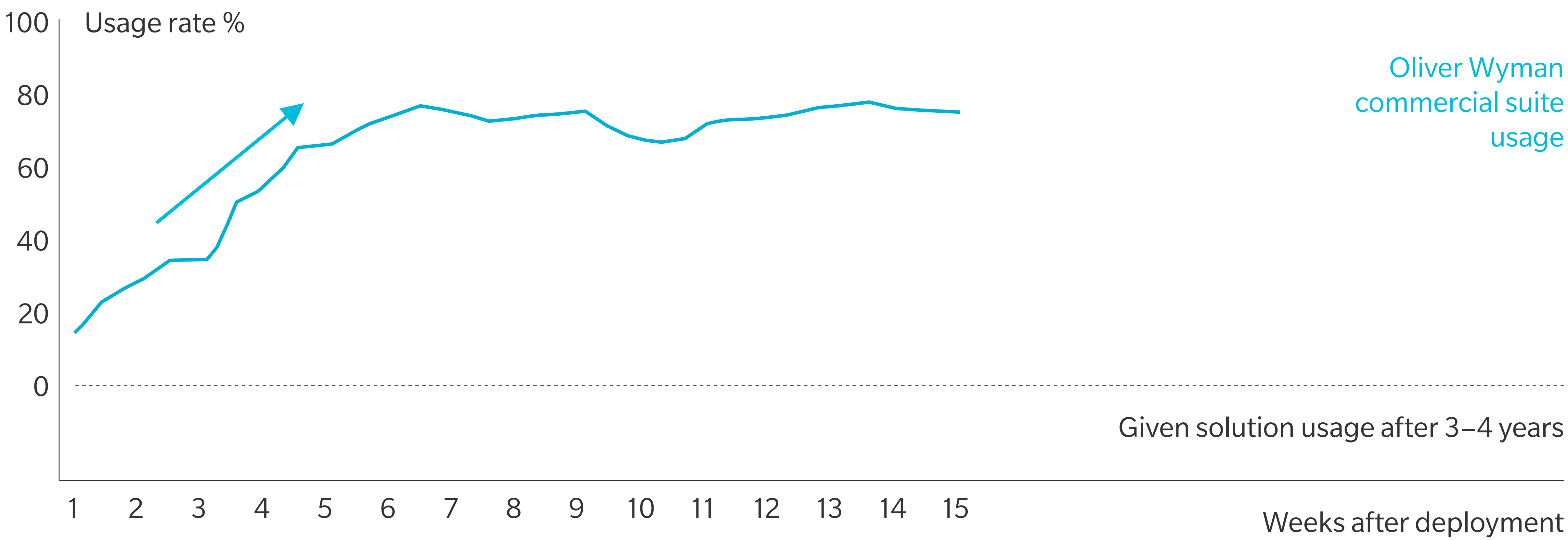
THE AUTOMOTIVE RETAIL EXPERIENCE OF THE FUTURE: INCREMENTAL RETURN AS A FUNCTION OF THE EXPERIENCE SCORE

INCREMENTAL 5-YEAR SHAREHOLDER VALUE COMPOUND ANNUAL GROWTH RATE VERSUS AVERAGE LIPPINCOTT BRAND STUDY SCORES, 2009-2014



Source: Lippincott Brand Study 2014

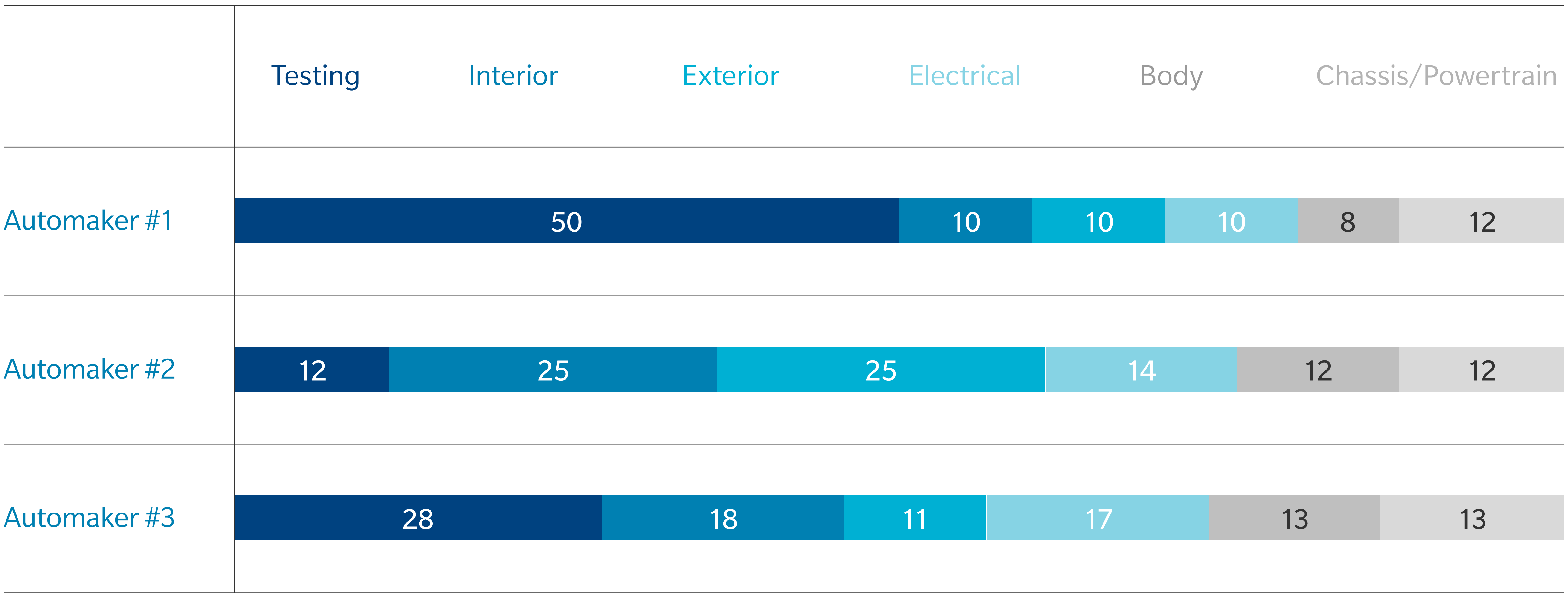
HIGH USAGE RATES ARE KEY FOR BIG DATA SUCCESS



Source: Oliver Wyman Analysis

BREAKDOWN OF R&D FUNCTIONS OF AUTOMAKERS US REGIONAL R&D CENTERS

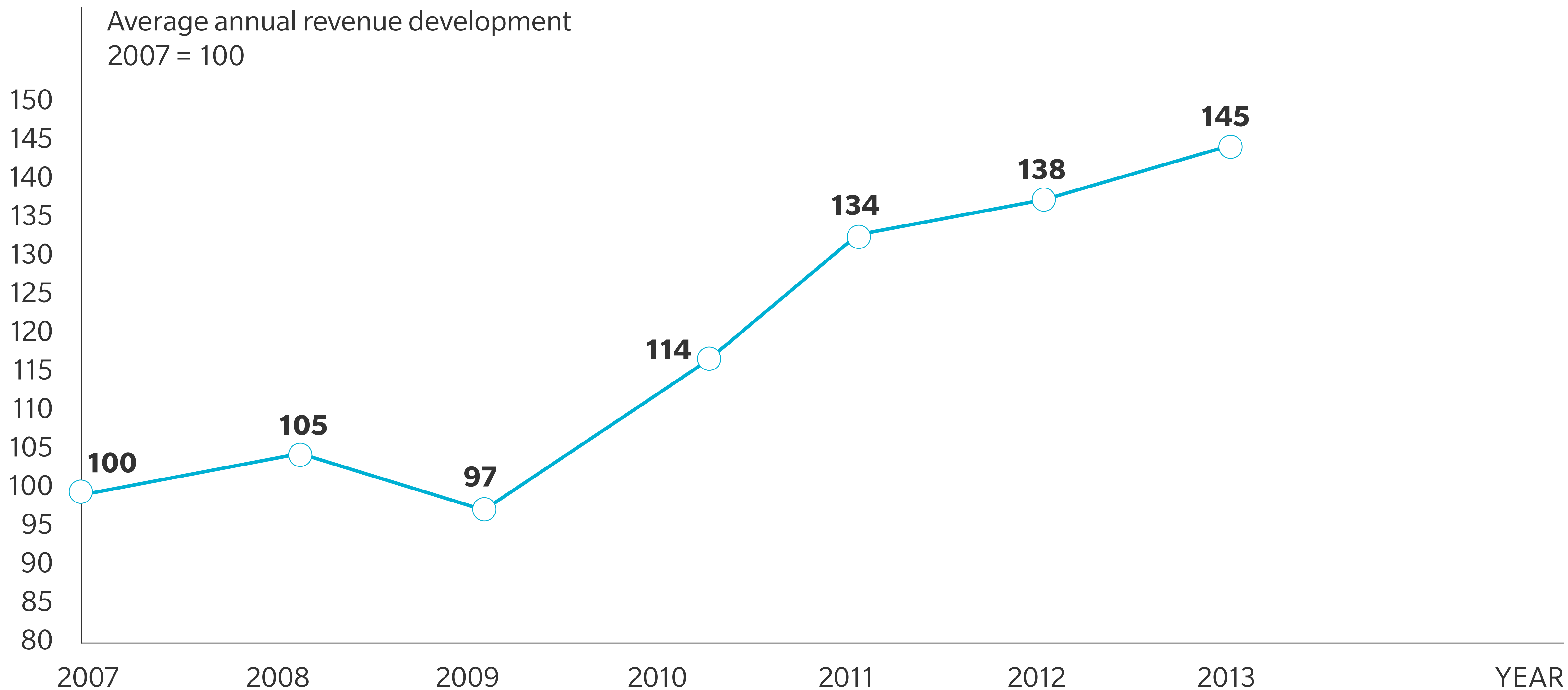
IN PERCENT OF TECHNICAL STAFF



Source: Oliver Wyman Analysis

AUTOMOTIVE SUPPLIER GROWTH FROM 2007 TO 2013

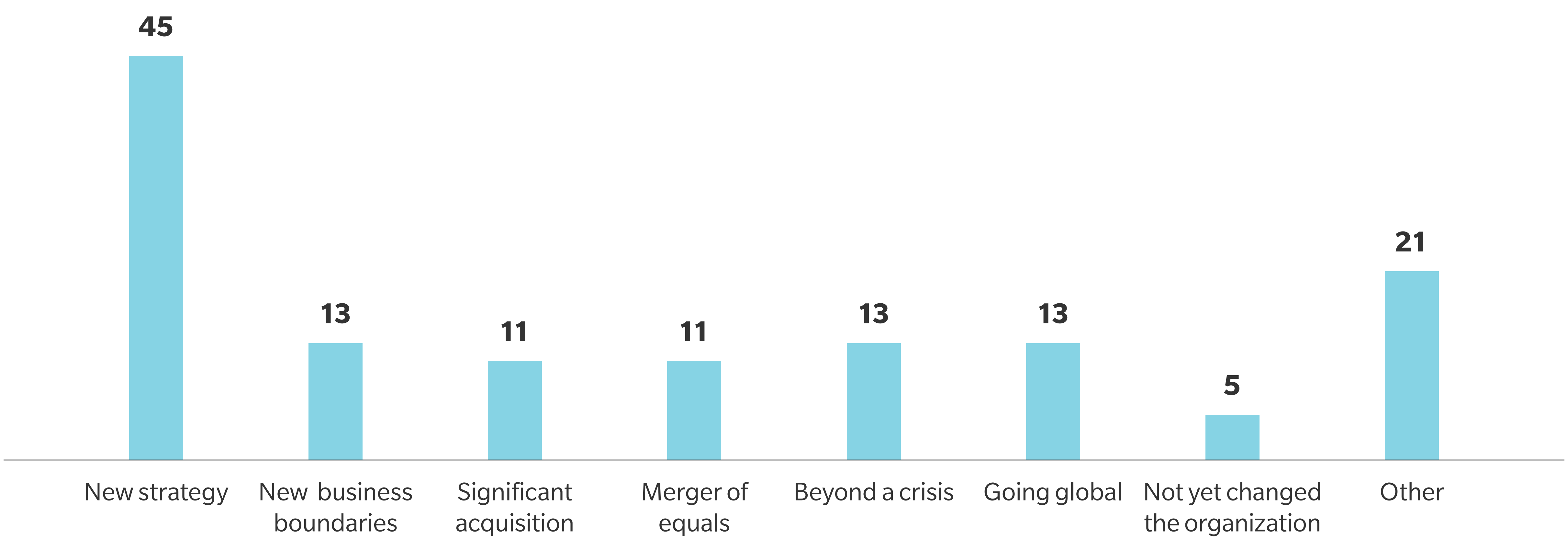
INDEXED TO 2007, N = 362



Source: Oliver Wyman Supplier Database, Amadeus, Thomson Reuters

REASONS FOR STARTING AN ORGANIZATIONAL TRANSFORMATION FOR AUTOMOTIVE SUPPLIERS

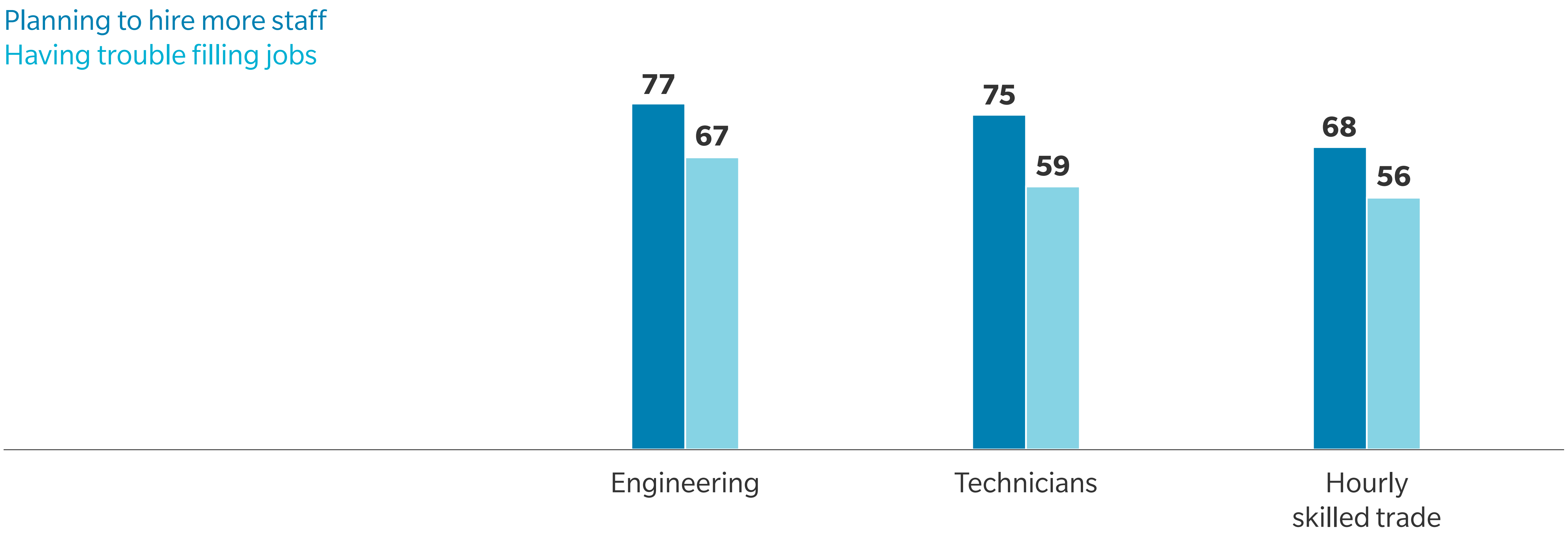
IN PERCENT OF RESPONSES, MULTIPLE ANSWERS ALLOWED



Source: Oliver Wyman Analysis

SUPPLIERS ARE HAVING TROUBLE FILLING POSITIONS FOR 2015

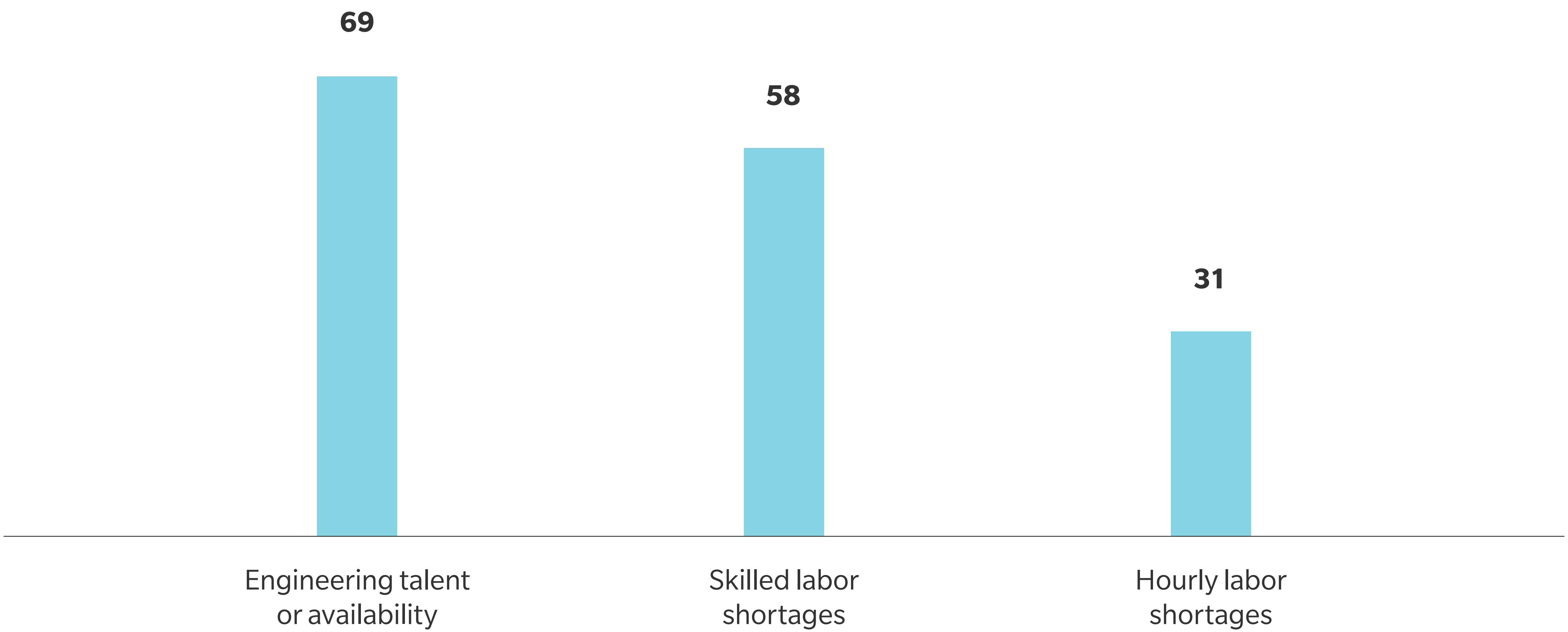
IN PERCENT OF SUPPLIERS RESPONDING YES



Source: Original Equipment Suppliers Association, November 2014 survey

TALENT IS AN ISSUE IN MEETING INCREASED LEVELS OF PRODUCTION

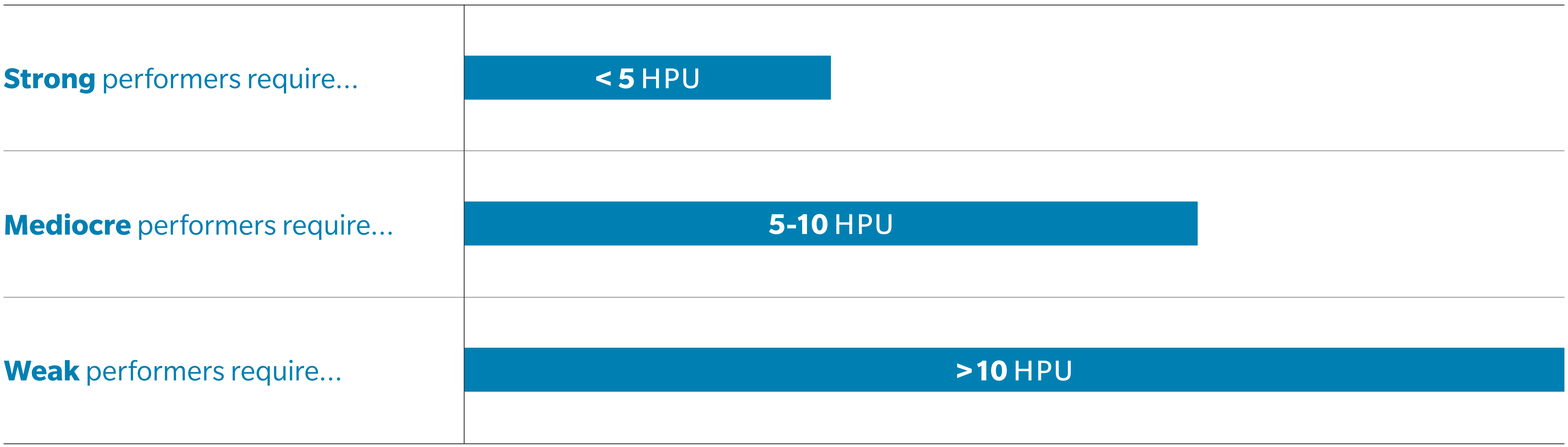
IN PERCENT OF SUPPLIERS INDICATING YES, WILL BE AN ISSUE DURING 2015



Source: Original Equipment Suppliers Association, January 2015 survey

NEW CAR LAUNCH PERFORMANCE MEASURED BY HOURS PER UNIT (HPU) IN THE LAUNCH YEAR

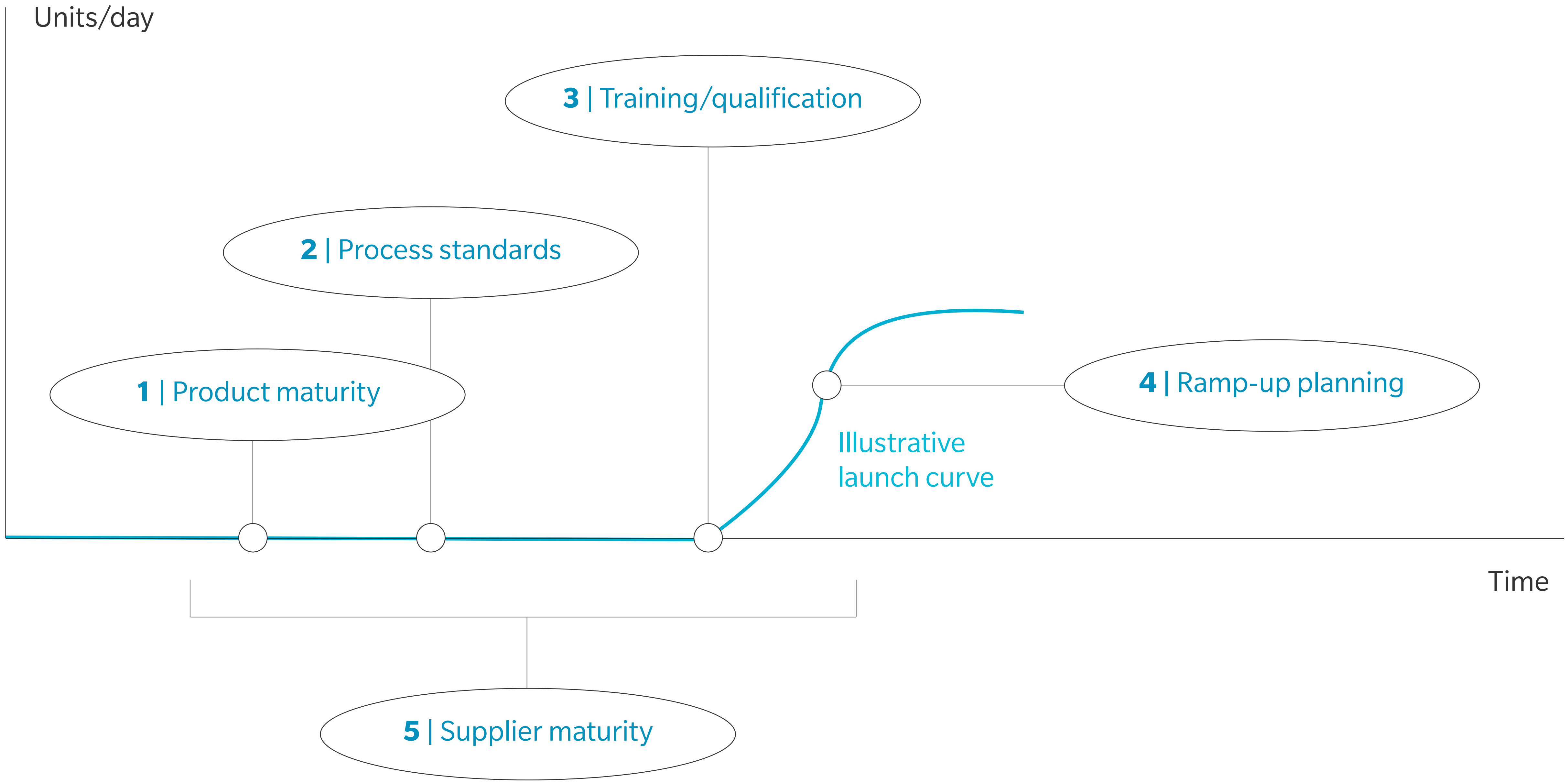
DURING LAUNCH YEARS, THE NUMBER OF ADDITIONAL MANUFACTURING HOURS PER VEHICLE VARIES WIDELY AT AUTOMAKERS



HPU (hours per unit) cover all labor hours in a factory to produce a car. This includes hours for direct and indirect building/assembly work, as well as related management and support work. Work includes independent manual operations as well as tasks done in concert with automated or semi-automated processes.

Source: Oliver Wyman analysis

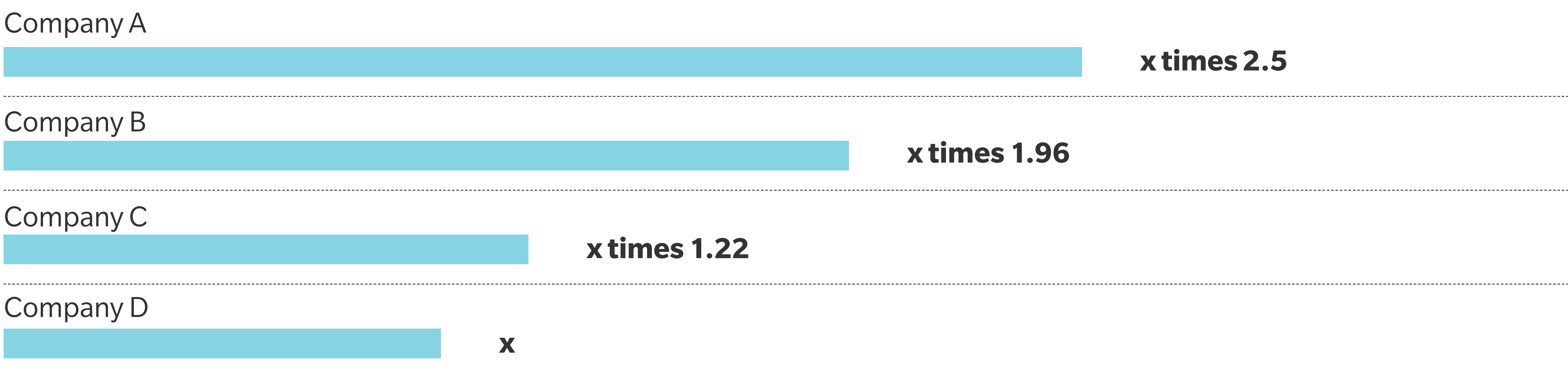
FIVE KEY COMPONENTS OF A SUCCESSFUL NEW CAR LAUNCH



Source: Oliver Wyman analysis

COST TO PRODUCE STAMPING DIE SETS FOR SEVEN MAJOR VEHICLE BODY PANELS

IN MILLIONS OF US$

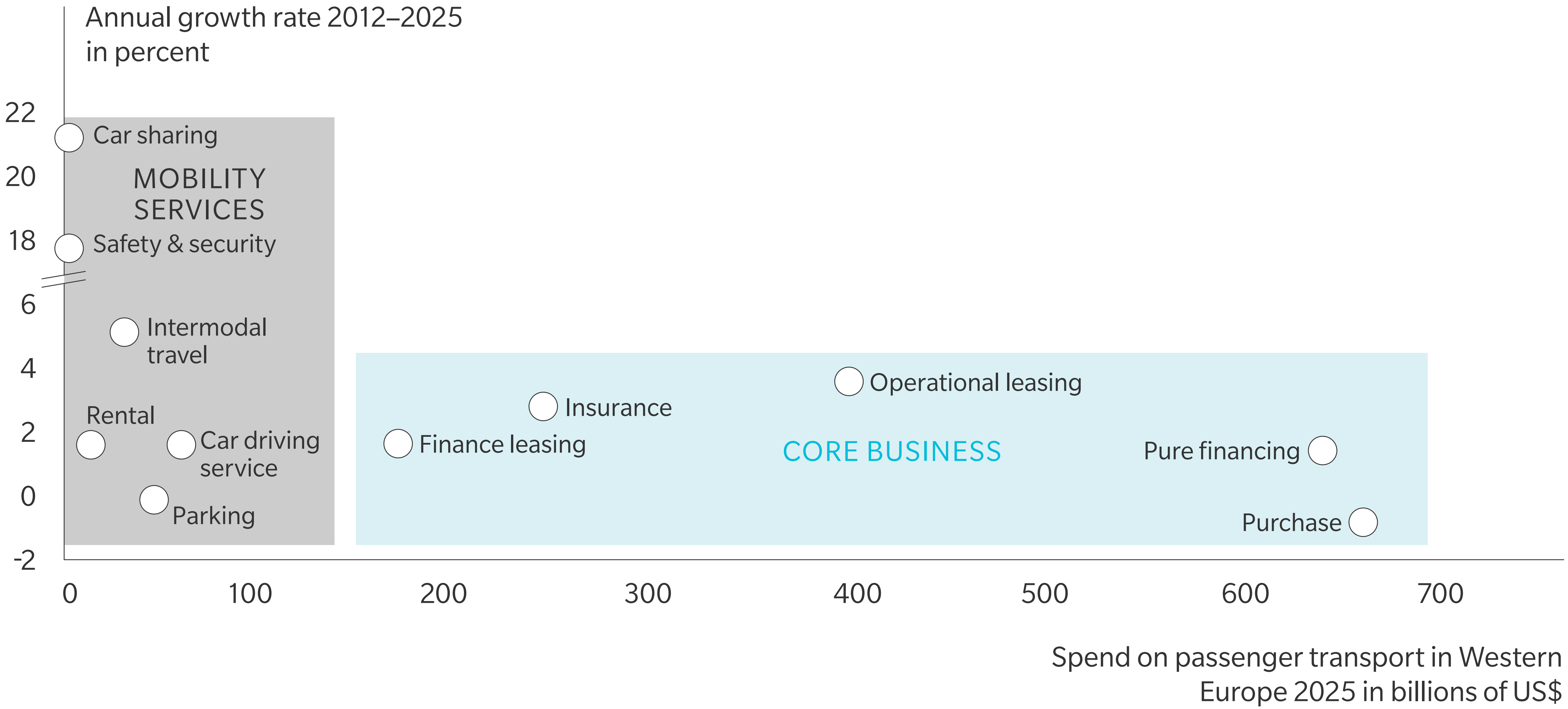


Major panels included above:
Bodyside outer – left side
Bodyside outer – right side
Fender outer – left side
Fender outer – right side
Hood outer (aluminum)
Hood inner (aluminum)
Roof panel

Source: Oliver Wyman analysis

THE FUTURE OF PASSENGER TRANSPORT SPENDING IN WESTERN EUROPE

RAPID GROWTH EXPECTED FOR MOBILITY SERVICES IN THE NEXT 20 YEARS



Note: Includes spending for intermodal travel; excludes potential effect of autonomous driving
Source: Oliver Wyman analysis, market model, annual reports and other publications

BIG NUMBERS

$50 billion-$75 billion

Potential insurance premium erosion globally as consequence of self-driving vehicles

>$100 billion

Potential value of mobility services enabled by self-driving cars in 2035

€1.3 billion

Estimated amount that automakers spend annually on new vehicle launches

>70%

Reduction in time-to-realization possible with an agile and constant user interaction development approach

22%

Forecast annual growth rate for car sharing in Western Europe from 2012 to 2025

50%

Amount of total profit generated by some automakers' after-sales business units

69%

Of surveyed suppliers expect a talent shortage impact in 2015

2 out of 3

Number of reorganizations that fail due to a lack of planning and governance

4-7

Typical number of North American R&D units of foreign automakers

3:1

Competitive difference in capital expenditure for stamping dies at comparably capable plants

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