

## AUTO INTEL REPORT

**JULY 2022** 

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### THE NEW AUTOMOTIVE VENTURES DEALERFUND

The new Automotive Ventures DealerFund will help auto dealerships navigate through the next decade of unprecedented change and participate financially in the AutoTech startups they help to grow.





## WELCOME TO THE AUTOMOTIVE VENTURES INTEL REPORT

The pace of the news cycle affecting automotive dealerships seems to be accelerating, especially in the areas of Electrification and the "Agency Model." We take the opportunity to dig into recent news and potential implications on dealerships.

We also provide a bit of insight into the thematic areas of interest for the new Automotive Ventures DealerFund, which conducted its initial close (which means we are now actively investing out of the fund).

Lastly, I'm thrilled to provide a preview of the new Dealer Management System (DMS) Market Report by Stefan Drechsel, probably the best automotive software analyst, period.





Thanks as always to you, our 4k+ loyal readers, and please send me a note if you have thoughts on how we can improve the Intel Report.

Many thanks,

Steve Greenfield steve@automotiveventures.com

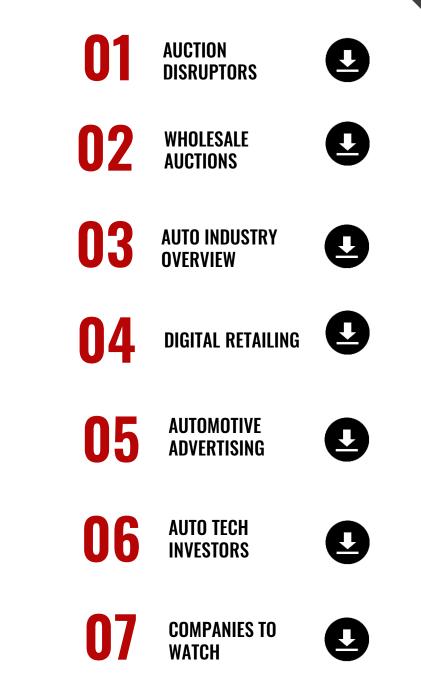


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## WHITEPAPERS



## POINT OF VIEW STEVE GREENFIELD



#### **ACCELERATING PACE OF CHANGE**

As we've discussed in previous months' Intel Reports, the pace of change coming to the automotive retail channel is accelerating. If you blink, you may miss big news that potentially impacts the franchised dealer model.

This month I want to recap key recent news that dealers should be monitoring.

#### PHYSICAL DEALERSHIP BUY/SELL ACTIVITY REMAINS ROBUST

First up, there's no sign that physical dealership buy/sell activity is slowing down anytime soon.

#### **CHANGES COMING TO AUTOMOTIVE**



Focus on Consumer Convenience

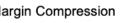


OEMs Selling Direct to Consumer



Accelerating Margin Compression

Entrance of Big Technology Players



1 Autonomous Vehicles



More Complex Vehicles



Electrification





More Reliable Vehicles



Consolidation



Lithia Motors has been the most ravenous of the public acquirers, with a stated goal to get to 500 rooftops and \$50 billion in revenue before they've built out their planned footprint. Lithia's aggressive pace of acquisitions has provided a floor for valuations in the market.

Just this last week, Lithia announced the purchase of 10 dealerships across southern Florida and Nevada, which will add \$950 million in expected annualized revenue.

The U.S. dealership buy-sell market so far is tracking at a similar pace to a record-breaking 2021; last year was considered the biggest year for store acquisitions in history.

In parallel, valuations of physical dealerships remain at an alltime high.

From my perspective, it's not likely that valuations will get much higher than they are today. Interest rates on acquisition financing are rising and the elevated stock prices of the public groups are well off their highs. When natural acquirers like Lithia have satisfied their appetite and filled out their planned footprint, it's very likely that valuations will start to regress back towards historical levels.

#### **DYNAMICS SUPPORTING STRONG BUY-SELL MARKET**



High inflation and fuel prices, low consumer sentiment, rising interest rates and declines in the stock market may actually speed us back to more normalized valuations.

But for now, these record-high valuations are being applied to record-high profits, largely attributable to a lack of new-vehicle supply. Many dealers are taking the opportunity to translate these excess profits into acquiring more physical stores.

While the dealer principals I speak with are generally targeting only under-performing stores – where they can justify paying higher valuations applied to sub-optimal profits – I imagine some of the buyers in this current environment will eventually feel "Buyers Remorse" when valuations inevitably fall back down to earth.

#### **OEMS CONTINUE TO MOVE THE BALL**

In last month's Intel Report, we noted a general movement towards more of an "Agency Model" in other parts of the world. The agency model, which is being talked about more and more in the press but is not very well defined, is an evolution away from a more typical franchised dealership model to "agents" who sell products on the OEM's behalf. This model is more attractive to the automakers because they see the potential to reduce operating costs (primarily marketing and inventory expense), eliminate discounting, and normalize the customer experience.

Rather than a full "Direct to Consumer" (DTC) model like Casper or Warby Parker, which is what new EV automakers like Rivian seem to be executing, an Agency Model is a bit of a hybrid between full DTC and the historical franchise model.

Many of the big consulting firms are pushing the agency model for the benefit of OEMs.

Last month we noted that Stellantis said it would end all current sales and service contracts with European dealers for its 14 brands, effective June 2023. And Mercedes-Benz announced plans to cut 15 to 20 percent of its dealerships in Germany, and about 10 percent of their dealerships globally, as part of a broad overhaul of its distribution network.

Some concern exists among dealers that OEMs may "spin-off" the EV divisions of the legacy business and try to apply a different arrangement/agreement with their dealers/agents.

This is why VW's announcement of the Scout brand raised eyebrows, as did Ford's announcement at NADA this year about the separation of their EV and ICE divisions.

With larger dealer groups, the receptivity to the agency model increases, while the concern goes down. This is due to the fact that they are more likely to be the preferred channel of distribution (vs. smaller players), will have more say in strategic decisions, and have a greater influence and "voice at the table".

I expect we will see continued "creep" towards more of an Agency Model here in the U.S.: online ordering/reservation of new EV models, reducing and capping commissions on certain models, less control over inventory, fewer incentives, etc.

#### **OEMS TO CONTROL LEASE-END VOLUME?**

This month, there was some very interesting news from Ford Motor Company who announced that they have stopped allowing customers in most states to purchase their electric vehicles at the end of a lease, a policy they say will help manage EV battery recycling. For example, Ford Credit said customers who lease an F-150 Lightning, Mustang Mach-E or E-Transit must return the vehicle when the contract is up and can then renew their lease with a new vehicle if they choose.

Preventing the consumer from being able to buy the unit at the end of their term does make a lease feel a lot more like a subscription product.

While Ford is communicating this initiative as a way to help reclaim the raw inputs into batteries as prices have skyrocketed over the past year, I think there may be other dynamics at play.

I believe this will allow Ford to control residual value risk for new EV models that might have volatile pricing at the end of term. We're going to see a proliferation of new EV models over the next 18 months, and the OEMs are certainly not going to be able to accurately predict residual values on all of these vehicles. By controlling used car supply, Ford can closely monitor and influence the used pricing.

Both GM (with CarBravo) and Ford (with Blue Advantage) now manage their own online used car websites.

By controlling the off-lease volume, they can ensure that unique, attractive used vehicles are ONLY available on their own proprietary sites.

The Automakers have been observing recent used car dynamics, including the fact that most vehicles are coming back at the end of lease term with thousands of dollars of positive equity. Ford will essentially have the opportunity to participate economically in any vehicle coming back with positive equity, instead of surrendering that profit to the consumer or the dealer.

It's also likely that Ford realizes that battery and charging technology is going to advance so quickly that they may want the option of removing used EVs from circulation that just may not perform competitively versus brand new models being introduced in the future.

If we think about broader implications of this move and anticipating that other OEMs will elect to follow the same path, it will mean far fewer off-lease vehicles available to the automakers' franchise dealer networks and independent dealerships.

#### SHRINKING THE FRANCHISE DEALERSHIP FOOTPRINT

A key question is if and how automakers will attempt to reduce the number of physical dealership locations in the U.S.

Certain brands have overbuilt the number of dealerships required, especially as a greater percentage of consumers inevitably become comfortable with purchasing their vehicle sight unseen.

#### **CASE STUDY: CADILLAC**

The number of Cadillac dealers in the U.S. has shrunk to 564, as compared to 921 dealer locations just four years ago.

Cadillac required that dealers invest \$200,000 towards electrification improvements: things like on-site vehicle charging stations, new tooling, service upgrades, cosmetic enhancements, and training for sales and service staff.

	2021 New Units Sold	Dealership Count	Units Sold per Dealer
Ford	1,905,955	3,868	493
gm	2,218,223	7,639	290
	1,466,630	1,047	1,401
ΤΟΥΟΤΑ	2,332,262	1,238	1,884

\*Source: Automotive News

12

Dealers who opted not to upgrade for the EV transition were offered a buyout package said to have been an amount between \$300,000 to nearly \$1 million. Some dealers reported low customer interest in EV products, including some dealers located in more rural areas.

With the evolution towards EVs, more automakers may follow suit to shrink their dealership footprint.

It's also very likely that OEMs will encourage stronger/larger dealers to acquire weaker/remote stores and operate them as satellite locations.

#### MORE REGULATION COMING FOR F&I?

Last but definitely not least in the recent news cycle, The Federal Trade Commission recently signaled that increased regulation may be coming to dealer F&I profits.

Since the CFPB was largely "de-fanged" during the Trump administration, there hasn't been much threat about regulators squeezing dealer finance and insurance profits. The FTC has proposed banning finance and insurance coverage and physical vehicle add-ons that "provide no benefit" and requiring expanded disclosure and consent on such optional products — including a list of prices online.

The agency is also considering cracking down on dealerships' advertising related to the cost of the vehicle itself.

An accompanying news release repeatedly depicted physical additions and F&I products as "junk fees," though the four commissioners supporting regulations acknowledged in a separate statement that "Not all add-ons provide no value."

The FTC's proposed regulations include:

- Bans on all products without benefit
- Posting a list of all optional add-ons and their prices online
- Bans on misleading pricing advertising
- Disclosure and declining in writing of the "Cash Price without Optional Add-ons"
- "Express, Informed Consent" on F&I products and other addons

While most of these regulations are meant to protect against misleading sales practices, it does raise some legitimate questions for every car dealer. The rule proposes regulating an "Offering Price" which is the full amount for which a dealer will sell or finance to any consumer, excluding only governmental charges. The proposal specifically cites cases where low prices are offset by high "doc fees", and regards advertised prices requiring additional fees as deceptive.

This begs a question about how to apply rules to OEM incentives. Some OEM incentives only apply to financing, for which not all customers will qualify. Other qualified incentives like competitive owners' coupons and loyalty offers apply to a high percentage of consumers, but not all. If a dealer does not include these incentives, their pricing will look deceptively high instead of low. It will be important for the industry to clarify how these rules will apply to common situations that dealers will encounter.

#### WHAT DOES THE FUTURE HOLD FOR F&I?



Violations of the proposed rule would be considered material violations of the FTC act Section 5, which carries a potential civil penalty plus \$40k per violation, possibly per day. Civil penalties can range from thousands to millions of dollars. POINT OF VIEW Due to the multi-year requirement for retaining documentation, the potential liability for non-compliance is staggeringly large.

The FTC proposal is open for public comment at <u>www.regulations.gov/</u> and asks that comments be labeled with "Motor Vehicle Dealers NPRM. File No. P204800".

We will be keeping a close eye on this latest development and if the FTC, or any other government entity, starts encroaching on and threatening dealership profit centers.

All of these issues should be closely monitored by dealerships and have wide implications for the franchise dealership model and ongoing profitability into the future.

#### **BENFITS OF SCALE**

How big do I need to be to weather all of the dynamics in the market? This is a question that I'm getting more and more often from small dealer groups, as the news cycle introduces more uncertainty about the future.

The answer isn't straightforward but should be looked at from the perspective of:

- 1. Cost Structure
- 2. Diversification
- 3. OEM Influence

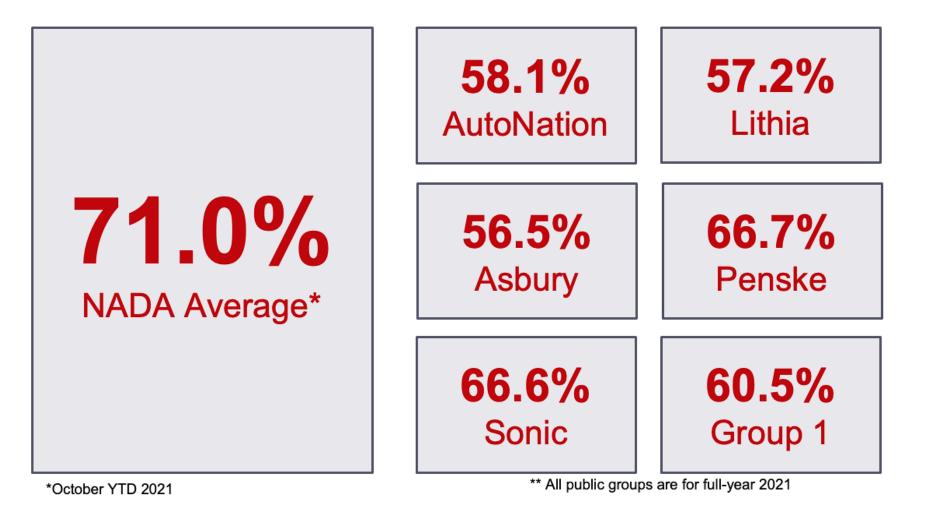
In terms of cost structure, the scale/size of the public groups does put them at an advantage vs. the average dealerships. Ten to fifteen percent of efficiency in SG&A flow directly through to the bottom line, and provides the public groups with more "dry powder" to acquire stores (or buy back shares).

Another way to look at cost efficiencies is through advertising expenses. In 2021, Carvana spent \$479 million on advertising, which is 3-times more than CarGurus. CarMax spent \$218 million, while Lithia spent \$162 million.

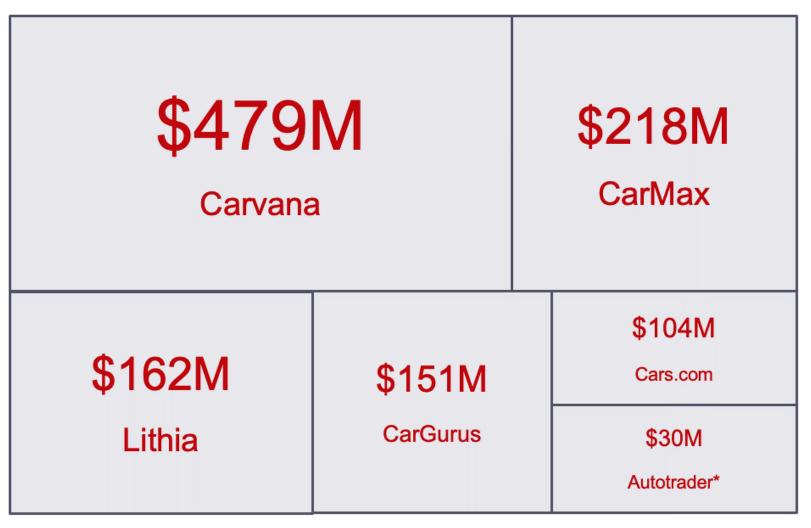
It's not unreasonable to project that within a few years, some of the large dealer groups will spend more than \$1 billion per year on advertising. This will make it much harder for smaller dealerships to compete for consumer eyeballs.

In parallel to keeping a watchful eye on their cost structure and using size/scale to centralize and remove costs, dealers might look to diversify across multiple OEM brands.

Some of the automakers are moving towards elements of an "Agency Model" at a faster pace than others, and owning a diverse portfolio of OEM brands will allow dealers to naturally hedge against any one OEM becoming more aggressive with direct sales, centralizing inventory, reducing margin per unit sold, etc.



POINT OF VIEW



\*Estimate

Last, but not least, the more locations you own, and more units sold for any given OEM, the more influence and voice you will have when it comes to the evolving retail model, being prioritized for new car allocations, etc.

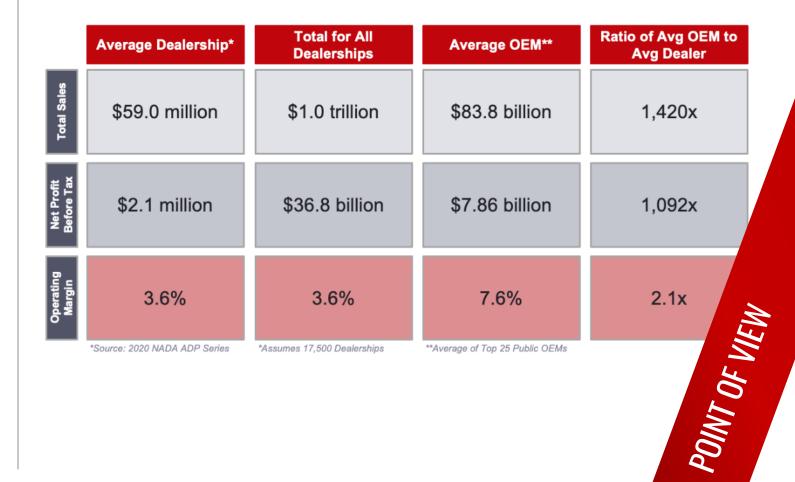
#### **RELATIVE SIZE: DEALERS VS. OEMS**

The average dealership location doesn't have much leverage when compared to the size of the average automaker. But, by growing through acquisition, small dealer groups can become mid-sized dealer groups, which gains more control and potentially a "seat at the table" in discussions with OEMs about how to shape OEM/dealer strategies and influence the future.

#### **DEALERFUND INVESTMENT AREAS**

We are proud to announce that we've conducted the initial close of the Automotive Ventures <u>DealerFund</u>, which was created to help dealers navigate through the uncertainty of the next decade

#### **DEALERSHIP VS. OEM ECONOMICS**



by investing in early stage AutoTech companies that both benefit their operations as well as provide above-average financial returns.

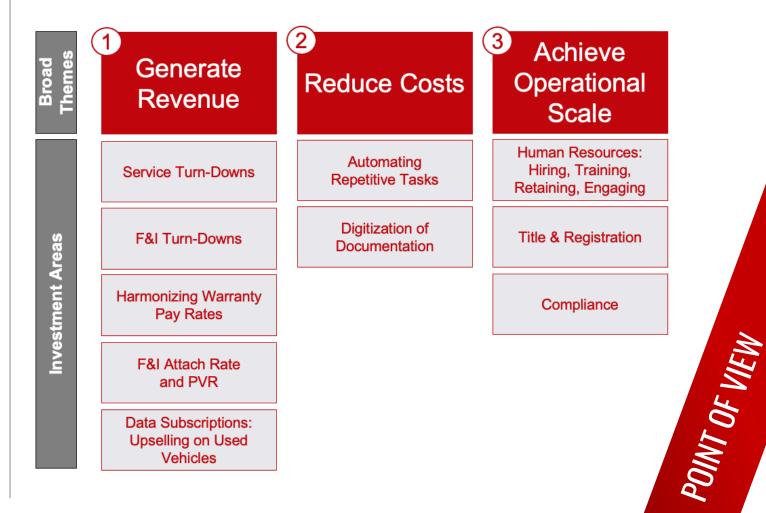
As a result, we are now actively investing out of the fund.

We've been spending a lot of time on the road visiting with our dealer investors and are starting to refine their thoughts and feedback into the investment themes for the fund. We will be sharing more on the specific target areas of investment for the fund over the coming months, but so far the broad categories are:

- 1. Generating Revenue
- 2. Reducing Costs
- 3. Achieving Operational Efficiencies

What do we look for in terms of investment criteria for companies we target?

#### **DEALERFUND INVESTMENT AREAS OF INTEREST**



While we have a number of metrics that we use to "score" each individual investment's attractiveness, there are three primary criteria that can drive us towards a quick "no" or put a company into the "yes" bucket:

- Founding Team 1.
- Total Addressable Market (TAM) 2
- Defensibility of Offering 3.

#### WRAPPING UP

If you're an AutoTech entrepreneur working on a solution that helps car dealerships, we want to hear from you. We are actively investing out of the new **DealerFund**.

If you're a dealer who wants to invest in early-stage AutoTech companies that benefit your business, let me know. We are still accepting new investors into the fund.

It's an exciting time for this industry, and I look forward to working with you to create the future.

#### HOW WE DECIDE: INVESTMENT CRITERIA

MARKET SIZE: Growing markets with a Multibillion-dollar Total Addressable Market (TAM)	TOP-NOTCH TEAM: An experienced full-time team with proven excellent execution and 100% Integrity	DEFENSIBLE PRODUCT: Network effects, unique industry knowledge, and defensible moat						
VALUE-ADD OPPORTUNITY: Automotive Ventures and our LPs can bring unique value as partners	TRACTION: Strong indication of authentic demand and path to monetization	CLEAR EXIT OPPORTUNTIES: A clear path to M&A or IPO and > \$100m exit valuation						
SCALEABLE BUSINESS MODEL: Solving major pain point with a clear monetization strategy	PATH TO VIABLE UNIT ECONOMICS: High sustainable LTV/CAC combined with unique acquisition channels	DEAL STRUCTURE: Clean cap table, incentivized founders, and economic & control rights for Automotive Ventures						
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Steve Greenfield **CEO and Founder Automotive Ventures** 



## **MOBILITY INDEX** Automotive ventures

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## THE AUTOMOTIVE VENTURES MOBILITY INDEX

The Automotive Ventures Mobility Index is a group of publicly traded mobility stocks that tracks the health of the mobility market, composed of the global publicly traded mobility companies, weighted by market capitalization of each company and indexed back to 100 as of January 1, 2015.



## AV MOBILITY INDEX: LARGEST MONTHLY MOVERS

Changes during the month of June 2022

LARGEST \$ CHANGE		LARGEST % CHANGE	
INCREASE		INCREASE	
Bosch (500530)	\$293m 🕇	PowerBand (PBX)	50.6% 🕇
Faraday Future (FFIE)	\$75.6m <b>1</b>	Faraday Future (FFIE)	7.6% 🕇
Hagerty (HGTY)	\$47.8m <b>1</b>	Bosch (500530)	5.3% 🕇
DECREASE		DECREASE	
Tesla (TSLA)	\$79.0b 🖡	Electric Last Mile Solutions (ELMS)	69.2% 🖡
Volkswagen (VOW3)	\$20.1b <b>↓</b>	AEye (LIDR)	67.6% 🖡
Toyota (TSE:7203)	\$16.7b <b>↓</b>	Embark (EMBK)	63.3% 🎩

### **AV MOBILITY INDEX: RELATIVE MARKET CAPS**

As of June 30, 2022



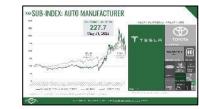


Source: Automotive Ventures; Market Cap weighted; Indexed back to Jan 2015



## VISIT www.mobilityindex.info

Where you can find more information, including subindexes for manufacturers, dealer groups, third party marketplaces, auctions, autonomy and electrification.

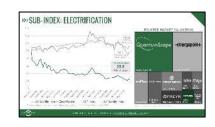












## MOBILITY TECH LANDSCAPE

### MOBILITY TECHNOLOGY LANDSCAPE

BUBUP hip \*moovit Shuttl

migo

**N: NEVOMO** 

Routematch by uber

VEHICLE SYSTEMS & DATA

skyTran

whim

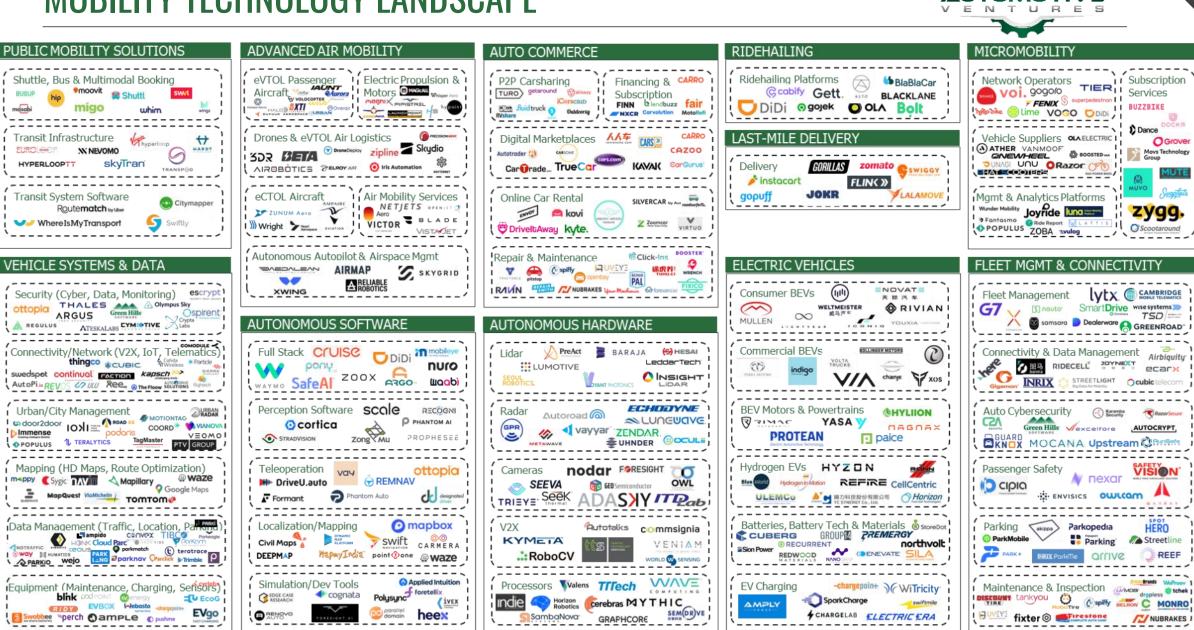
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EUROLOOP

HYPERLOOPTT

Transit System Software

Vere Is My Transport

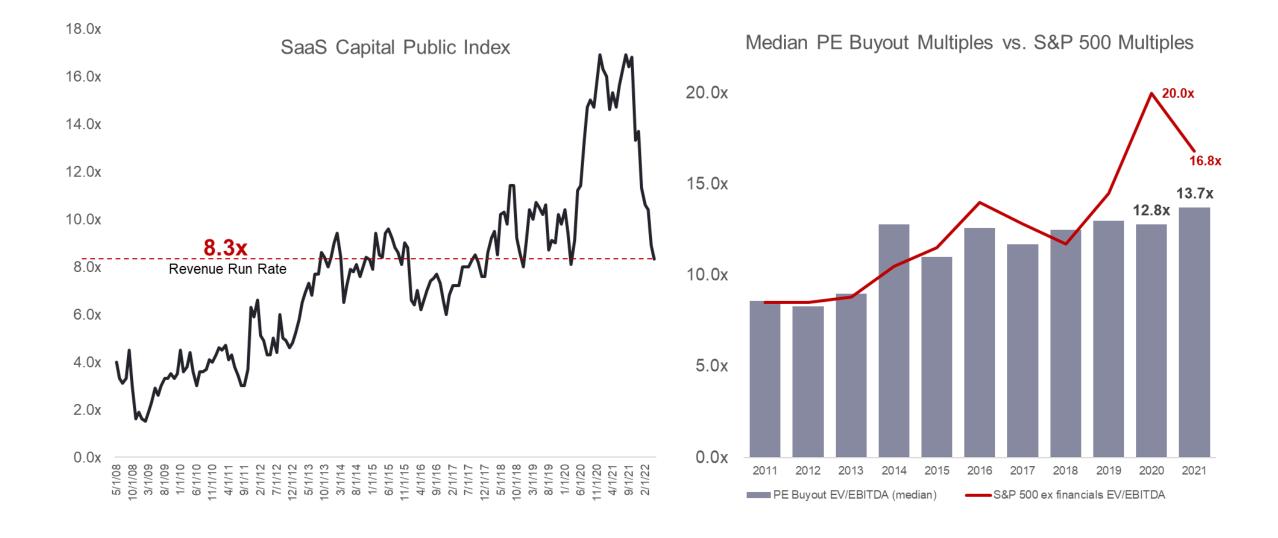


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## COMPANY VALUATIONS

## **FUNDING LEVELS**

	PRE-SEED	SEED	SERIES A	SERIES B	SERIES C
ARR	\$0	\$0 - \$200k	\$1m - \$1.5m	\$3m - \$5m	\$10m+
ARR GROWTH (Y/Y)	NA	300%	300%	250%	200%
VALUATION	\$1m - \$3m	\$4m - \$11m	\$15m - \$40m	\$50m - \$140m	\$100m+
ROUND SIZE	\$200k - \$500k	\$1m - \$4m	\$5m - \$14m	\$15m - \$40m	\$20m+
INVESTORS	Friends, Family, Angels	Angels, Micro VCs	VCs	VCs	VCs, PE
TEAM	Smart, committed team with relevant experience	Strong fit between founders' skills and market need	Proven ability to attract and manage great hires	Experienced leaders in most functions; Proven ability to recruit senior people	Complete senior management team
PRODUCT/MAR KET FIT	Market research indicates strong need for the project	Product is loved by early users; strong engagement & stickiness	High usage, low churn; passionate customers; large TAM	Increasing evidence of strong product/market fit in huge market	Clear and increasing evidence of product/market fit
SALES/MARKETI NG & UNIT ECONOMICS	Understanding best practices; good ideas	Signs of organic traction	Early evidence of a repeatable, scalable, profitable sales model; CAC payback <12 months	Short sales cycle relative to ACV; Net dollar retention>100%; LTV:CAC >3:1	Predictable, profitable, scalable sales/marketing machine
TRACTION	Growing waiting list of first pilot customers	Engaged first users; adding a few \$k in MRR per month	Get from 0 to \$100k MRR within 12 – 18 months; Growing 300%/year	Growing 250% per year	Growing 200% per year; negative net MRR churn
DEFENSIBILITY	None	Speed to market	Brand is emerging; evidence of unique data asset	First signs of a successful brand, platform or data play	Strong signs of a successful brand, platform or data play
MARKET POTENTIAL	Belief in \$10M+ ARR potential	Conviction there's \$100m - \$300m+ ARR potential	Increasing evidence of \$500m+ ARR potential	Increasing confidence in exit potential	Increasing confidence in strategic buyer or IPO potential



## DEALER AUTO TECH LANDSCAPE<sup>32</sup>

### **DEALERSHIP AUTO TECH LANDSCAPE**

**RETENTION** (retain as service/repeat customer) CONVERSION (converting consumer traffic to sale) TRAFFIC GENERATION (awareness & direct-response) GANNETT TEGNA HEARST I Advertising Agencies TURNKEY RAYCOM Traditional Media Mystery Shopping Customer Retention Tools PLADOOGLE PIED PIPER RATE SOKAL> M DEALER WORLD (Adpearance iprecheck (Dispireon Maritz RESEARCH **STRATEGIC** Iherman FORCE Team Velocity INTELLI SH ((() REUNION R/ Marketing imyst" J.D. POWER **∞**xtime I C-4 Analytics GSM stream naked lime **Pata**Clover Dominion HELIX Affinitiv AutoLoop experian. Digital Advertising Technology CanGurus Google Autotrader Cange Autotra In-Store Training C **PR**PACTIVE CORYMOSI EV I **(Dealer**Socket' elead -0-DealerSynercy J.D. POWER automotiveMastermind AutoAlert carzing I eBizAutos SHPFT Dealer 3birds 3birds DIGITAL 🗄 AIR STRIKE SOFTWARE workforce Management Social / Reputation Management SOCIAL DEALER REPURTION + SOCIAL MEDIA reputation.com\* >>CarOffer EBlock DEALERSLINK\* O Drivably C TADE CLASS ActivEngage 👗 DEALERUN 📰 MXS I Dealer Websites 000 sincro Dominion DealerSocket . 32 ignition DEALER.COM BizAutos Digital Retailing @PRODUCY @PARTMENT CARLATO DEC \$14 LEARESS Building Gubagoo Carbony Correction C 🗸 FLOWFOUND SnapCell Vehicle History Merchandising Support Online Retailing 🕯 Registration & Titling 🛛 🕶 🖓 REDLINE SWheelsTV. CarStory. (1) FlickFusion CarStory VinAudit.com DMVdesk Dealertrack experian. UNITYVORS TRUINACES /// Demension experian. CARFAX SHIFT vroom Dealer Management System (DMS) Reynolds Dealer Track (D) Dealer Website Engagement Max Ution (D) Max Ution Vehicle Insurance polly SURE gabi COVERHOUND. Customer Relationship Management (CRM) DriveCentric ansulte Momentary Oplogic OpealerSocket elead Converses Oplogic CallCreve Oplogic Callorine OpealerSocket elead Converses Oplogic Connected Car Zobie LVITED LOJACK REVIVER TRUESPOT ( Spireon Reynolds Installe Net 

 Key Systems
 Image: Spin-state state st i Key Systems Remotes CCK Southerst Without Vehicle Appraisal

# 2022 TRANSACTIONS





#### **OVERVIEW OF TRANSACTION**

Carsales, the largest online marketplace in Australia focusing on automotive, motorcycle, and marine, has announced the intention to purchase the remaining 51% of Trader Interactive for \$809m from the current investors, Eurazeo and Goldman Sachs Asset Management. This values the entity at \$1.84 million USD.

Back in August 2021, Carsales acquired 49% of Trader Interactive for \$624 million USD.

For FY20, the company generated revenue of \$123 million USD and EBITDA of \$61 million USD.

#### SIGNIFICANCE TO INDUSTRY

Trader Interactive operates No. 1 verticals in the RVs and powersports segments and No. 2 verticals in trucks and equipment. It counts 9,500 dealers and 49 OEMs as customers. It also operates a number of dealer web services and inventory and lead management software systems. It also connects with over 13 million consumers monthly.

Carsales operates the leading auto vertical in Australia, and has experience running marketplaces for bikes, trucks, and RVs.

The US is a far larger market than Australia (16x non-automotive and 4x the automotive classified market).

We would not be surprised if Carsales encourages Trader Interactive to launch an automotive vertical in the U.S. to compete with CarGurus, Cars.com and Autotrader.





Values the US-based company at \$1.84 billion USD

### **JANUARY – FEBRUARY 2022 TRANSACTIONS**



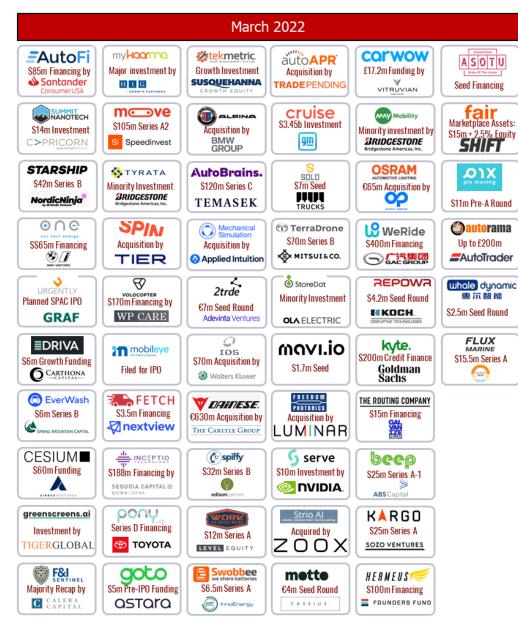




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## MARCH – APRIL 2022 TRANSACTIONS







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## MAY – JUNE 2022 TRANSACTIONS





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## VISIT <u>www.automotiveventures.com/</u> <u>auto-tech-transactions</u>

Where you can find more information, about major automotive technology deals for prior years, dating back to 2012.

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# COMPANIES TO WATCH





## **JULY 2022 COMPANIES TO WATCH**



Wider Mobility

WrenchWay helps address the dealership technician shortage by providing solutions that highlight top shops to work at, educating shops on how to become better employers, listening to feedback from technicians, and helping schools attract the next generation of technicians.

WrenchWay

wrenchway.com



Helps Dealers Increase Their Annual Warranty Parts Gross Profits by \$80,000 - \$100,000. Complex state statutes, manufacturer protocols and pressures, gatekeepers, and limited internal resources are just a few of the challenges that make receiving full retail warranty reimbursement difficult for automotive dealerships.



#### loopmein.app

The industry's only complete preowned life cycle management software. Over 75 years of combined industry knowledge from nearly every aspect of dealership life has led us to create an application to make everyone's life in the dealership easier, more efficient and reliable.



#### complyauto.com

Protect your dealership with the most advanced dealership compliance technology. Forget the forms, binders, spreadsheets, folders, manual audits, and training sessions. Compliance is automatically performed, logged and demonstrated in one simple platform.



#### axionray.com

Axion is an AI platform & predictive digital offering for engineers and QA management that allows users to efficiently mine through unstructured data to derive insights to accelerate vehicle development. Empowering engineering leaders with the best decision intelligence platform, to strengthen decisions to deliver the best results.



Takes a new approach to managing electric demand from vehicle charging. We connect directly to the cars through their native APIs, utilizing systems that are already in place. Our solutions can control charging and monitor battery state-of-charge, regardless of where the customer plugs in.



#### preteckt.com

Preteckt is an AI and IoT company focused on maintenance to increase vehicle availability, improve safety, reduce costs, support maintenance staff, and enable the future of work. They develop next generation sustainable fuel vehicle technology and help service providers transition from legacy to green technologies. Maintenance, maintainers, and digital workflow is their initial focus area.

#### ELECTRIC ERA

#### electriceratechnologies.com

Electric Era engineers the world's most advanced storage systems for EV fast charging stations. Their power dense storage system and load prediction platform support a smarter and faster charging experience.

## **2022 COMPANIES TO WATCH**

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ОСТ	NOV	DEC
AWAKE Mobility awakemobility.de	VOLTAIQ. voltaiq.com	FERMATA ENERGY fermataenergy.com	designated driver designateddriver.ai	⊘ carmigo carmigo.io		WrenchWay wrenchway.com	?	?	?	?	?
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CEREBRUM	REP rapidliquidprint.co	Viaduct viaduct.ai	© EVmatch <u>evmatch.com</u>	HEY CHARGE	move.ai	LOOPMEIN loopmein.app	?	?	?	?	?
	VISIONARY MACHINES	OTTOMETRIC ottometric.com	€ 4 SCREEN 4screen.com	STABLE stableins.com	o invisible ai invisible.ai	COMPLYAUTO complyauto.com	?	?	?	?	?
Cardana.co	Mr DriveU.auto	SOELECT INC Soelect.com	CarmaCare	EverWash everwash.com	ZENDAR. zendar.io	XION axionray.com	?	?	?	?	?
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Kindredmotorworks.com	knowsmoke" knowsmoke.com	SECURE securethings.ai	RIDEÇO rideco.com	ADDIONICS addionics.com	OYANT PHOTONICS voyantphotonics.com		?	?	?	?	?
Bcomp*	PIONIX pionix.com	SHIFT5 shift5.io	Assured assured.claims	GOUACH gouach.com	<b>S</b> serve	ELECTRIC ERA	?	?	?	?	?

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## VISIT <u>www.automotiveventures.com/</u> <u>companies-to-watch</u>

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Where you can find more information about our Companies to Watch from 2020 and 2021, as well as our Companies to Watch Press Kit.

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#### 2022 Market Report: Dealer Management Systems US Franchised Dealers (Light Vehicle)



Stefan Drechsel Dealership Software Expert

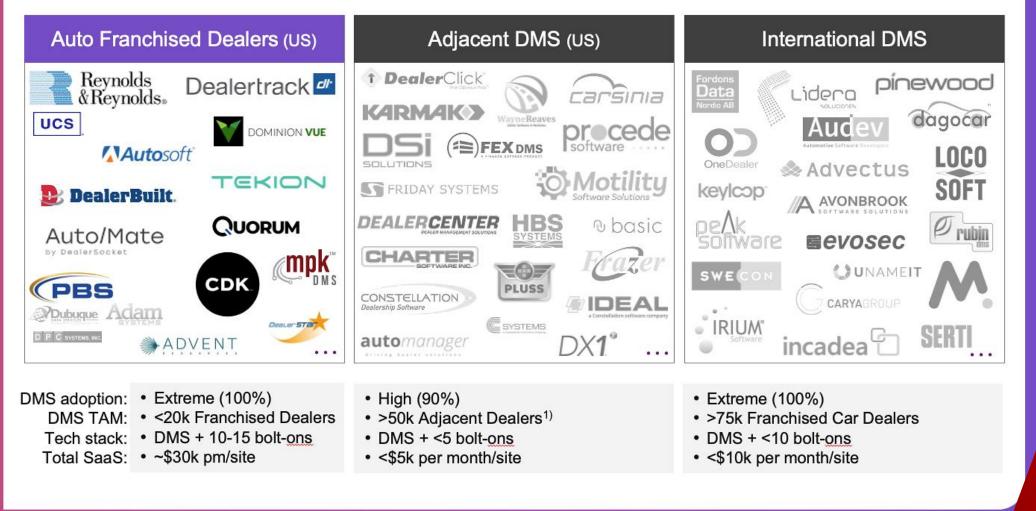
DealerTech Nerd stefan@dealertechnerd.com | 813-843-6410





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#### High DealerTech SaaS Spend for Franchised Car Dealers in the US



### **SPECIAL REPORT**



Market	Challengers wi	th Strong DMS	Segment Focu	S	7
Company	PBS	匙 DealerBuilt.		TEKION	XSellerator
Business Type	Private	Private	Private	Startup	Public (CVE)
DMS Key Events	• 1988 - Founded	<ul> <li>1982 – Founded</li> <li>2008 – Officially formed/GTM</li> <li>2019 - Acquired by ParkerGale</li> </ul>	<ul> <li>1992 - Founded Automotive Computer Services (ACS)</li> <li>2011 - Acquired by Dominion</li> <li>2021 - Intro VUE DMS</li> </ul>	<ul> <li>2016 - Founded</li> <li>2019 - ARC DMS introduction</li> <li>2020 - \$1B+ valuation</li> </ul>	1996 – Founded     2000 - IPO as QIS on CVE
2021 Est. Revenue (DMS & Other BUs)	\$50-100M	\$20-50M	\$100-500M	\$20-50M	\$20-50M
Est. Global Workforce (DMS & Other BUs) <sup>2)</sup>	> 300 employees	> 100	> 300	> 1,700	> 450
DealerTech & DMS Claims (short) <sup>21</sup>	<ul> <li>The largest Canadian dealership vendor &amp; the top three in North America.</li> <li>A fresh approach to DMS.</li> </ul>	<ul> <li>Empowering each dealer's unique vision for their dealership.</li> <li>DealerBuilt delivers an enterprise-class DMS platform that is precisely tailored to each dealer client's unique requirements.</li> </ul>	The dealer's cloud-native DMS.     A DMS that is easy to use	<ul> <li>The first &amp; fastest cloud-native automotive retail platform.</li> <li>One platform that seamlessly connects your entire business.</li> </ul>	<ul> <li>Software technology solutions for vehicle dealerships and OEMs across North America.</li> <li>The revolutionary dealership performance system driving revenue into your dealership.</li> </ul>
Fun Facts	PBS President David Bradley founded Profit Building Solutions in 1988 in his basement.	DealerBuilt was founded by Toyota/Honda dealer John Hosmer - hence the name.	Similar to Cox Auto, Dominion Deale Solutions is also part of a media enterprise (Landmark).	r CEO Jay Vijayan was Tesla's first Chief Information Officer.	CEO Maury Marks worked in his family's GM dealership before he founded Quorum.
LinkedIn Followers <sup>2)</sup>	~7k followers	~2k	~6k	~55k	~1k
Flagship DMS <sup>1)</sup>	v10	LightYear (ceDMS)	VUE DMS	Automotive Retail Cloud (ARC)	XSellerator
DMS Headquarters	Calgary, Canada	Grapevine, TX	Norfolk, VA	Pleasanton, CA	Calgary, Canada
Est. Share of DMS BU <sup>1)</sup> vs. Total Revenue	> 90%	> 90%	< 10%	> 80%	< 75%
Biggest DMS Market <sup>1)</sup>	Canada	USA	USA	USA	Canada
Main DMS Segment <sup>1)</sup>	Small-Medium dealers	Small-Medium	Small-Medium	Small-Medium	Small-Medium

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#### Connect With Us on Any Questions.

DealerTech Nerd is an industry analyst and consulting firm for dealership software including Dealer Management Systems (DMS), Customer Relationship Management solutions (CRM), Service Management Suites, Digital Retail, and many more (DealerTech).

My research services include supporting dealers to evaluate & procure DealerTech, software providers to better Go-To-Market & roadmap, and Investment firms to investigate & acquire DealerTech SaaS businesses.

With more than 800+ vendors in 40 dealership technology categories, DealerTech Nerd offers taxonomy and crucial market insights about industry forces and key trends. I love to share my passion for dealership software as a speaker at NADA, ADAs, 20 Groups and industry events.



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