Research Report on Telematics Service Providers (TSP) and Their Products, 2021

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STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

REPORT OBJECTIVES

- To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- To help company to succeed in a competitive market, and

METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

INFORMATION SOURCES

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

Abstract

Small and medium TSPs will fade away and TSP giants will come to the front

As “smart car as a service” grows, automakers focus more on introduction of technologies or platforms from big data and cloud computing to security, content platform and artificial intelligence, providing more intelligent, more diversified content and value-added services, while making an expansion in OEM market. As the gateway for vehicle traffic flow, telematics service providers (TSP) are catering to the industrial change by constantly extending services content and boundaries, across fields from initial remote service to phone mirroring and connectivity, then to connected IVI system, finally to integrated telematics system covering people, vehicle and life.

Business Layout of TSPs in China

Players	Vehicle-mounted Terminals	Vehicle System	Voice interaction	Navigation	Phone Connection	Cloud Platform	Big Data and Security	Application Ecosystem	O&M and Service
ECARX	√	√	√			√		√	√
Bean Tech	√	√						√	
iFlytek		√	√			√		√	√
Baidu	√	√	√	√	√	√	√	√	√
Tencent		√	√	√	√	√	√	√	√
Banma Network		√	√	√		√		√	√
PATEO	√	√	√	√	√	√	√	√	√
BDStar Intelligent & Connected Vehicle Technology	√		√			√		√	√
NavInfo	√	√	√	√	√	√	√	√	√
FutureMove Automotive	√					√	√	√	√
Tima Networks						√	√		√
Yesway	√					√	√		√
ECAR Telematics						√			√
Shenzhen Soling	√		√			√			√
China Mobile Intelligent Mobility	√		√			√	√	√	√
China Unicom Smart Connection Technology	√		√			√	√		√
Tianyi IOT Technology	√		√			√	√		√

Source: ResearchInChina

There are four typical types of TSPs: OEMs, telecom operators, internet/technology companies, and third-party platform providers. These players have built a mode of multi-party cooperation. For example, OEMs push for their partnerships with BATH, Pateo and more in their efforts to improve their ability to develop telematics and provide services, and work together with telecom operators to explore 5G + telematics application scenarios and application ecosystem. In the long run, the four major participants will integrate with each other across fields for win-win cooperation.

Four Major TSP Participants in China and Their Advantages and Disadvantages

Participants	Representatives	Advantages	Disadvantages
OEM-dominated	◆ECARX ◆Bean Tech ◆Hynex Mobility Service	◆ The core system and data are in their own hands ◆ Have full control, which is conducive to promoting the implementation of the overall strategy	◆ Lack of telematics service and operation experience ◆High cost of technology and team investment
Internet/technology companies dominated	◆Baidu Internet of Vehicles ◆Tencent Auto Intelligence ◆Banma Network ◆iFlytek	◆ Strong resource and technology advantages, experience and ability of cross-border integration	◆ Difficult to obtain the core data of OEMs
Telecom operators dominated	◆ China Mobile Intelligent Mobility ◆ China Unicom Smart Connection ◆Tianyi IOT Technology	◆With a huge network platform and rich experience in operation and service	◆Insufficient understanding of smart vehicles and customer needs, insufficient product design
Third-party and others	◆PATEO ◆NavInfo ◆BDStar ◆FutureMove	◆High degree of autonomy, grasp the needs of users accurately ◆Serve different brands and OEMs	◆Weak technical and financial strength ◆Lack of ecological resources

Source: ResearchInChina

In future, China's TSP industry will head in the following directions:

1. The closer connection of a vehicle with people, other vehicles, smart home appliances, living services and smart city comes with TSPs' greater attempts to extend their services and open up their technology and ecosystem for a gradual coverage of all scenarios of mobile phone, car, home and city.

For example, based on extended BATH ecosystem (Baidu, Huawei, Tencent, Suning, Ping An, UnionPay, China Telecom, etc.) and third-party ecosystem, Pateo has made deployments in mobile phone, car, home and city scenarios, and will add "five new operations", i.e., New Mobility, New Finance, New Retail, New Insurance and New Marketing. Now it has carried out its landing of new car retail strategy together with New Baojun and Sunning Car.

2. As cross-field integration becomes normal, players will achieve complementary advantages, resource sharing, and ecological integration to build a large ecosystem ultimately.

Examples include Baidu, Alibaba and Tencent (BAT) which are establishing closer partnerships with OEMs in more areas. Among them, in late 2020 Alibaba joined hands with SAIC again to set up IM Motors in charge of developing smart electric vehicles, following their establishment of Banma Network Technology (which finished strategic restructuring with AliOS in May 2020, aiming at improving automotive operating system and AI technology and upgrading the cloud-network-edge-terminal open system); based on their in-depth cooperation on intelligent connectivity, cloud technology and Baidu Ecosystem, Baidu and Geely announced they would co-found an intelligent vehicle company in January 2021, with Jidu Auto coming into being on March 2.

Collaborations between Top10 Chinese Automakers and BAT

	Baidu	Tencent	Ali
Geely	Xiaodu Vehicle Mounted/Baidu Map/Baidu Voice	Tencent Ecosystem	
SAIC	Baidu CarLife	Tencent TAI	Banma Intelligent Mobility /Voice Ali ET
Chang'an	Baidu Map /Baidu CarLife	IVI System, Tencent TAI; Tencent Ecosystem; Tencent Voice; Tencent Map	Telematics platform/service cooperation; Set up mobility company jointly with FAW, etc
GreatWall	Xiaodu Vehicle OS/ Baidu Map	IVI System; Tencent Ecosystem; Tencent Voice; Tencent Map	
GAC	Baidu Map	Tencent Ecosystem; Tencent Map	Banma Zhixing (vehicle Mini App/voice interaction)
BYD	Baidu Map; Baidu CarLife	Tencent Ecosystem	
Chery	Baidu IVI system; Baidu Voice	TINNOVE (JETOUR)	
Dongfeng	Xiaodu Vehicle OS; Baidu Voice; Baidu Navigation	IVI System; Tencent Ecosystem; Tencent Voice; Tencent Navigation	Cooperate with Banma Zhixing IVI system
BAIC	Baidu Voice, Baidu Ecosystem; Baidu Navigation	Tencent All in Car	
FAW	Baidu Navigation, Baidu Voice, Baidu CarLife	Tencent TAI	Invest Ali and cooperate with Banma Zhixing IVI system

Source: ResearchInChina

3. OEMs-lead TSPs to provide better IVI system-centric services.

Currently, OEMs have found common ground on intelligent connectivity and digital transformation acceleration. To hold core technology and data, Geely, Great Wall Motor and Honda China have founded their telematics company independently or together with others, with IVI system at the core of their multi-directional deployments:

ECARX: by the end of 2020, GKUI ECARX designed for Geely has been found in more than 40 models under Geely, Lynk & Co, Proton and served a total of over 2.3 million users.
On this basis, ECARX built in-depth cooperation with Baidu, with GKUI19-enabled Boyue PRO access to Baidu Map and Baidu Scenario for recommendation in 2020;

In November 2020, Baidu Map vehicle version became first available to Geely Preface upgrade edition.
In October 2020, ECARX raised RMB1.3 billion in a Series A funding round led by Baidu, which will be spent developing its automotive chip business.

In February 2021, ECARX joined hands with Visteon and Qualcomm to jointly provide intelligent cockpit solutions for the global market; in the same month, ECARX was invested USD200 million in its A+ funding round, which will be used for building an international R&D system and further expanding its global operation.

Bean Tech: Haval Fun-Life 2.0 system co-developed by Bean Tech and Haval integrates with Tencent TAI 3.0 features, and has been installed in several models like Haval Big Dog, Haval F7, Gen 3 H6, and WEY Tank 300. In future, Bean Tech will partner more closely with Haval and Tencent to promote its cloud services (supplied by Tencent Cloud Platform) in Great Wall Motor's overseas markets and provide full-stack intelligent marketing closed loop services from user profiling and SCRM to advertising and user operation.

4. TSPs face intensified competition and a new reshuffle amid telematics industry change, with four or five giants expected to be born by 2025

Currently, most conventional TSPs have been acquired and integrated into other business by tycoons. A handful of TSPs can run independently. Even Baidu, Alibaba, Tencent and Huawei (BATH) are able to deploy just one of dozens of intelligent connected vehicle product lines each. As OEMs regain dominance in software development, TSPs will contend more fiercely and face a new reshuffle. It is predicted that by 2025, four or five bellwethers that have ability to develop full-stack telematics systems and link vehicles with V2X equipment facilities, earphones, watches, bracelets and various IOT (Internet of Things) device will come out. Small and medium TSPs will be edged out by TSP giants.

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