HELION
AUTOMOTIVE TECHNOLOGIES

Five Technology Musts to Drive Auto Dealer Sales and Service Revenue

Table of Contents

HELION
AUTOMOTIVE TECHNOLOGIES

Information Technology:
Money Pit or Revenue Driver?

On average, businesses in the U.S. spend between 3% and 7% of their budgets on information technology (IT). The average small company (with revenues less than $50 million) spends 6.9% of its revenue on IT.[1]

If you're like many auto dealers, you may look at that figure and wonder how you can reduce that percentage. You know it's impossible to operate without technology, but you may view it as a money pit: something that's required, but doesn't really deliver any ROI.

This eBook provides data to help change that perception, so you will view your IT spending as an investment that drives revenue.

Instead of focusing on how *much* you're spending, you may want to ask *where* you are spending those dollars. Are you continuing to allocate funds to an outdated infrastructure, or are you investing in new technology that can improve customer satisfaction and drive revenue to the bottom line?

With the right strategy, IT can deliver the following benefits:

▸ Reach more customers

▸ Exceed customer expectations and develop better customer relations

▸ Support communications with vendors, partners and OEMs

▸ Analyze customer data and use results to guide decision-making

▸ Streamline operations and improve efficiencies

▸ Reduce costs by minimizing waste and maximizing profit

▸ Gain competitive advantage

This eBook showcases five technologies that forward-thinking dealers are investing in to increase revenue in sales and service. We'll cover each technology: what it is, specific recommendations, and – perhaps most important – how it can drive revenue to your bottom line.

HeLiON
AUTOMOTIVE TECHNOLOGIES

Wireless

In dealerships, the first Wi-Fi networks were established in service departments to connect to the OEMs' tech tools. Soon after, dealerships started adding Wi-Fi connectivity for their customers. The typical solution was to send someone out to a big box store, purchase residential-grade routers and place several of them throughout the dealership. For a while, this solution worked fine.

In today's dealerships, operating Wi-F with several residential-grade routers is no longer sufficient for two reasons:

1) Growth of Connected Devices

In 2015 there were 18 billion devices connected to the internet; that includes everything from laptops, phones and tablets to thermostats and "smart" appliances. In 2020, it's projected there will be more than 50 billion devices connected to the internet.[2] That's a 250% growth rate.
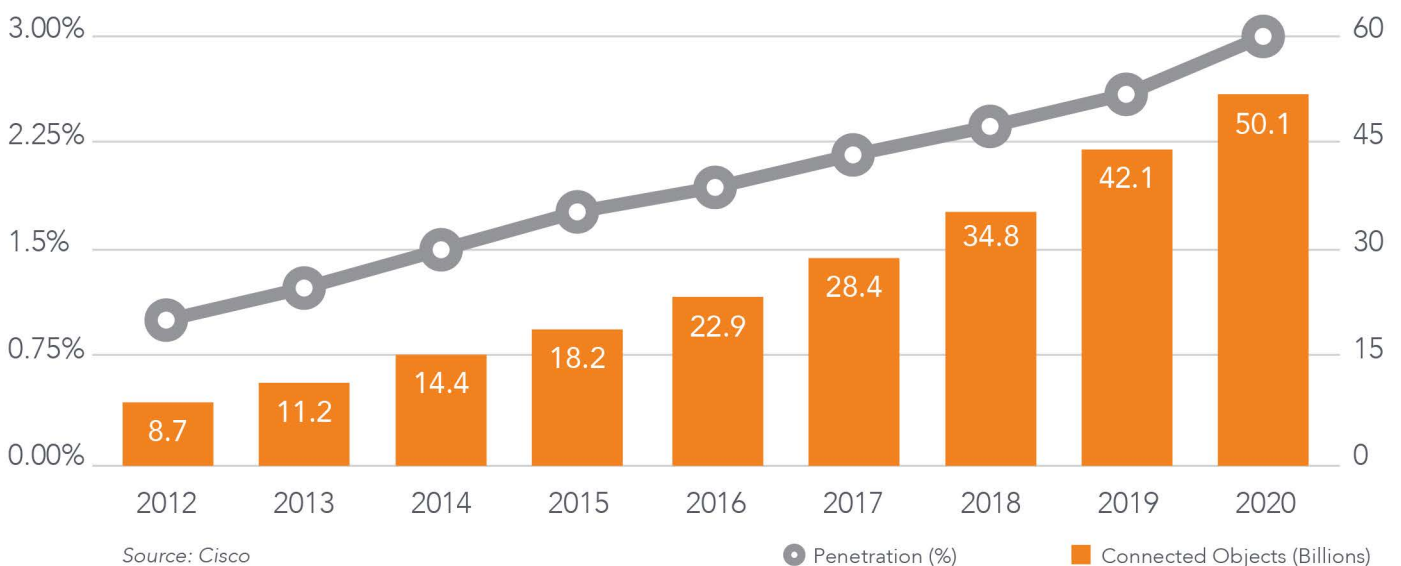
In auto dealerships, this growth in the number of connected devices applies primarily to service departments. Several years ago, a typical shop may have had one or two tech tools that required relatively low bandwidth. Now every tech has their own laptop and a cable from the OEM to plug those laptops into cars. Today's service department with 40 or 50 bays may have 60 or more connected devices that are all downloading vast amounts of data.

In service departments, increased Wi-Fi connectivity is required for:

- ▸ Vehicle computer system updates
- ▸ Mobile tablets
- ▸ Third-party service applications
- ▸ Employee and customer cell phones
- ▸ Smart appliances

More dealers are also requesting Wi-Fi access out on their lots, for both service and sales functions.

250% Growth of Connected Devices
Cisco's Projections For The Internet of Things

Source: Cisco ⦿ Penetration (%) ▪ Connected Objects (Billions)

☎ 443-541-1500   ↗ heliontechnologies.com

HELION
AUTOMOTIVE TECHNOLOGIES

2) Security

The other problem with residential-grade routers is their inherent lack of security. Often the password is given out to all employees or posted somewhere without any thought for security. If router passwords aren't changed routinely, employees who leave the dealership will still have access to the network, posing a security risk.

Wireless Recommendations

When it comes to Wi-Fi connectivity, dealers should plan for today's requirements as well as:

▸ **Two years from now when data loads will be 52% greater**

▸ **Four years from now when data loads will be 250% greater**

Enterprise-grade routers deliver data at two to three times the speed of residential-grade routers, plus they offer increased security, signal optimization, noise reduction (which can be helpful in a service department) roaming optimization and more.

A typical dealership may require 10 to 15 of these routers, split between service, sales, parts, customer waiting areas and the exterior. Soon it will be the 'new normal' to have Wi-Fi connectivity on the lot as well as the external areas of the shop (no need to tie up a bay if you're just downloading system updates, when that could be done while the vehicle is parked outside).

Cisco is one provider that makes heavy-duty routers that accommodate huge amounts of data. The routers are cloud-managed and fairly simple to set up and operate.

In conjunction with enterprise-grade routers, dealers may also want to consider deploying Microsoft's Active Directory, a centralized database of employees. Router controls can be tied into this database so that only employees with valid,

443-541-1500   heliontechnologies.com

HELION
AUTOMOTIVE TECHNOLOGIES

approved devices have access to the network. When an employee leaves the company, their access is automatically suspended.

This recommended setup provides scalability to accommodate all of a dealership's current and future needs.

Wireless Revenue Drivers

▶ In service departments, increased wireless capacity has a direct correlation to increased shop productivity. What if increased data speeds could result in saving a very modest estimate of two minutes per hour?

16 minutes per day x 30 shop techs
= 8 billable hours per day

▶ Additionally, exterior Wi-Fi enables vehicle computer system updates and other large data downloads to be performed outside, freeing up bays and technicians for other work.

▶ In the sales department, providing salespeople with mobile tablets gives them the ability to engage consumers and prevent those shoppers from 'showrooming' by checking competitor inventory and pricing.

HELION
AUTOMOTIVE TECHNOLOGIES

Internet

Until several years ago, the internet was used primarily to transmit emails and to browse the web. Most dealerships' software programs were installed on an internal server and operated over the enterprise network. In those days, a T1 line from the local phone company provided more than sufficient bandwidth to handle capacity. A dealer's primary concern during this time may have been figuring out how to keep employees off of social media, gaming or porn sites.
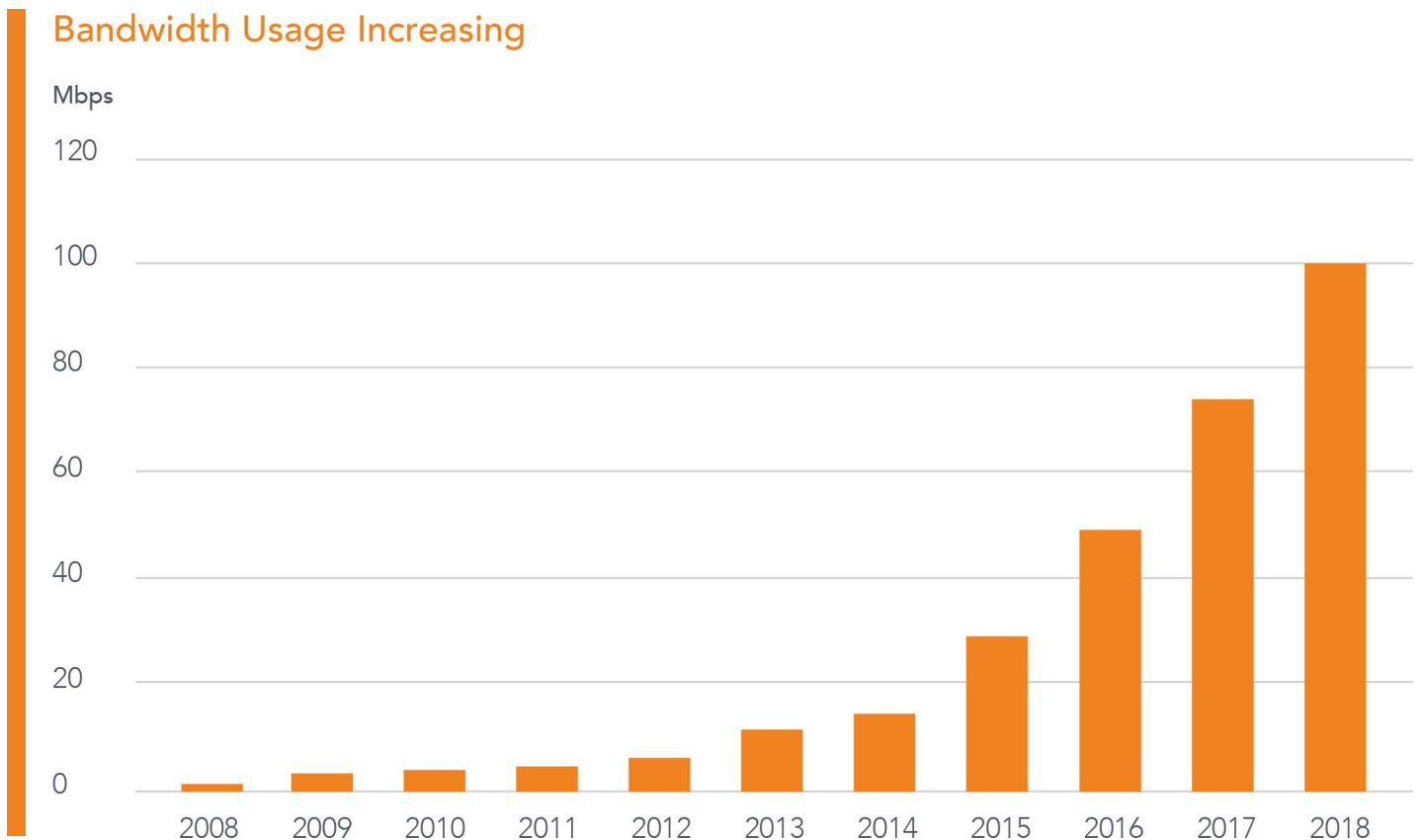
In recent years, the majority of software vendors have transitioned to cloud-based services. Today, just about every application in every department requires fast Internet to operate efficiently. A small sampling includes:

▸ Dealership management systems (DMS)
▸ Customer relationship management (CRM) systems
▸ Service department applications
▸ Parts lookup
▸ OEM communications
▸ F&I applications

When the internet is slow or goes down, productivity screeches to a halt. Even customers who are using the internet will be unhappy, as they have come to expect fast internet service as a basic human right.

Bandwidth Usage Increasing

Mbps

Year	Mbps
2008	1
2009	2.5
2010	3
2011	4
2012	5
2013	11
2014	14
2015	29
2016	49
2017	74
2018	100

helion
AUTOMOTIVE TECHNOLOGIES

Internet Recommendations

Don't skimp by opting for the lowest-cost service plan from your internet service provider (ISP). Typically these plans provide the same amount of bandwidth that residential customers receive (about 30 Mbps of throughput), along with the same substandard level of support.

Today's dealership requires enterprise-grade service, which always comes with high-level support and greater reliability. The best way to receive this type of service is with fiber optics.

Until recently, fiber optics were prohibitively expensive for small businesses. That's because only phone companies could provide internet service over fiber optics. The good news for auto dealers is that recently, cable and utility companies have been awarded Rights of Way. Increased competition is lowering prices. In some areas, dealerships can now bring screaming fast internet right into their server rooms via fiber optics for $700 to $800 per month.

Ask your ISP if your plan provides equal downstream and upstream throughput. Some plans still offer 75 Mbps downstream/10 Mbps upstream. This is designed for downloading web pages quickly, which is fine for residential service. For dealerships with applications that receive and send data in equal proportions, a plan with symmetric bandwidth (50/50) is optimal. Fiber optics connections provide symmetric bandwidth.

To prevent downtime, ensure your internet connections are resilient. This means contracting with more than one carrier, so that in the event that one carrier's network goes down, your dealership will not suffer lost productivity.

Good: Fiber optics connection with one carrier + T1 line with a separate carrier as back-up.

Best: Two fiber optics connections via two separate carriers.

Internet Revenue Drivers

▸ Fast and reliable internet connections keep productivity high for every employee using software applications

▸ Slow internet draws out transaction times, negatively impacting the customer experience. Fast internet speeds contribute to higher levels of customer satisfaction and loyalty, positively impacting the bottom line.

▸ Resiliency with multiple carriers prevents costly downtime. A 2015 Infonetics survey found that on average, companies lose approximately one-half of one percent of their annual revenue due to IT downtime.[3] For the average auto dealer, that translates into more than $245,000 per year.

HeLiON
AUTOMOTIVE TECHNOLOGIES

Collaboration Tools

In auto dealerships, it's not unusual for salespeople and service staff to spend just a few hours per day at their desks, while the rest of their time is spent interacting with customers. This means they can literally be "incommunicado" for half of the day. When they do sit down at their desks, they may spend half an hour or more listening to voicemails, returning calls and writing emails. This is an incredibly unproductive use of time!

One collaboration tool with the potential to solve this problem is similar in functionality to instant messaging (IM). When IM was first introduced years ago, auto dealers (along with many business leaders) were resistant to the technology. IM was limited to desktop PCs and largely viewed as a distraction and time-waster.

Today's messaging systems have come a long way from the original IM applications. They are fully integrated with phone systems, computer systems and mobile devices. Messages can be instantly turned into phone calls, conference calls or video calls with a single click of a button. It's easy to add three or more employees into a single messaging conversation.

HeLiON
AUTOMOTIVE TECHNOLOGIES

Here are two scenarios demonstrating how a collaboration tool can help keep employees in communication while increasing productivity.

> *A service advisor is in the service drive checking a customer in using a mobile tablet. A window pops up on his tablet relaying a message from the receptionist: 'Mrs. Jones is on the phone, she wants to know when her Nissan Altima will be ready.' The service advisor quickly punches in '3 p.m.'. In this scenario, Mrs. Jones did not have to leave a voicemail and wait for a return call. She got an answer right away (which made her happy), the message did not disrupt the service advisor's check-in process, and the process ultimately saved him the time of having to listen to a voicemail and return a call.*

> *A salesperson is out on the lot with a couple who are looking for a SUV. While the couple is inspecting the interior of one model, the salesperson gets an alert from her cell phone and sees a message from the call center: A hot lead is on the phone, wanting to know if they can schedule a test drive for Thursday at 5:30 p.m. The salesperson quickly taps in 'Yes.' The call center confirms the time and with one click, the salesperson adds the appointment to her calendar. In this scenario, the salesperson did not have to risk losing a potential customer because she wasn't available, and the quick interaction on her cell phone did not take her attention away from her current prospects.*

Collaboration Tool Recommendations

Cisco's Jabber is a state-of-the-art messaging system that integrates with Microsoft's Active Directory, Exchange and Office. Jabber works across all devices, from mobile phones to PCs and tablets. It allows personnel to send notifications, ask questions or check availability of employees, even if the employee in question is away from their desk or offsite.

Collaboration Revenue Drivers

▸ Increases productivity. Greatly reduces time spent listening to voicemails, replying to emails and returning phone calls, especially for quick, transactional questions and input.

▸ Increases customer satisfaction. Employees are more reachable and therefore able to respond to customer questions and requests in a timely manner. It also reduces incidents of phone and voicemail tag.

HELION
AUTOMOTIVE TECHNOLOGIES

Videoconferencing

However you may feel about them, meetings are a fact of life. In auto dealerships, departmental meetings allow staff in F&I, sales, service and accounting to review numbers and goals, and to strategize. Meetings provide an opportunity for principals and managers to discuss organizational priorities.

In a one-store dealership, arranging a meeting is simple. But as dealers grow into multi-store operations and eventually into large auto groups, the time and cost associated with traveling between stores for meetings rises exponentially.

Conference calls and webinars are commonly used as solutions to replace live, in-person meetings. The problem with these technologies is that you never really know if attendees are fully present. Staff members may be logged in to the call, but are they really paying attention? This is why, for highly important matters, managers still make the effort to meet face to face.

To solve the meeting dilemma, more dealers are turning to. While on a videoconference call, staff must be present in every sense of the word. There's a huge difference between talking to someone on the phone and looking into a person's eyes. Cameras convey facial expressions and body language, both important factors in effective communications.

443-541-1500   heliontechnologies.com

Videoconferencing Recommendations

One way to have online meetings is with Skype for Business. In 2011, Microsoft acquired the videoconferencing platform Skype, then spent years integrating it with its enterprise Lync platform. In 2015 Skype for Business launched, representing a low-cost and easy way to hold videoconference calls for small groups of people. The downside to Skype is that calls are usually initiated via a person's computer, so unless participants have a private office, videoconferencing may be distracting to co-workers and customers in a dealership.

A higher-end alternative is Cisco's Telepresence. Thisvideoconferencing system is designed for use in conference rooms and includes one or two large HD video screens, microphones and cameras.

Dealerships that have tried it find this setup to be a successful replacement for in-person meetings. Auto groups are currently using videoconferencing for the following types of meetings:

▸ Multi-site departmental meetings; i.e. monthly or weekly F&I, sales, service, accounting, partner and other meetings
▸ Benefits rollouts
▸ Trainings
▸ Face-to-face coaching

Videoconferencing Revenue Drivers

▸ Greatly reduces travel expenses. Some large auto groups spend hundreds of thousands of dollars per year on travel costs associated with meetings. What if you could slash travel costs by 90% or more?

▸ Increases productivity. In addition to the hard costs associated with travel, what does it cost to pull a handful of key personnel out of the store for a day or two in order to have a single meeting?

HELION
AUTOMOTIVE TECHNOLOGIES

Security

If you pay attention to the news, no doubt you've heard reports about the growing incidents of cyberattacks. Increasingly, sophisticated crime organizations in China, Russia, Eastern Europe, North Korea and Iran are attacking U.S.-based businesses of all sizes.[5]

Small to mid-sized companies are the most vulnerable to cyberattacks because in many cases management is simply unaware of the immediacy of the threat, and these businesses have not made security a high priority.

Dozens of auto dealerships across the country (that we know of, the figure may be in the hundreds)

have already fallen victim to hackers who have successfully managed to access the following information:

> ▶ Auto dealerships' bank account numbers, routing numbers and login credentials
> ▶ Customers' bank account numbers and routing numbers
> ▶ Customers' credit card numbers, addresses, Social Security numbers and credit scores

Just a few years ago, overseas hackers used relatively unsophisticated schemes to try and access information and money. Remember the emails from the dethroned princes in Nigeria? Today's schemes are much more sophisticated. Here is a sampling of actual incidents:

📞 443-541-1500   ↖ heliontechnologies.com

HELION
AUTOMOTIVE TECHNOLOGIES

A controller received an email from someone who he thought was the dealer. The dealer requested a wire transfer of $30,000. After a few emails back and forth, the controller complied with the request. Unfortunately, the bank was not able to retrieve the $30,000.

A virus was downloaded in an email attachment onto the F&I Manager's computer. The virus tracked every website visited and every keystroke. Hackers were able to use the information to log into credit bureau sites and extract credit reports for hundreds of customers.

An accountant was tricked into visiting what he thought was Bank of America's website. The accountant was prompted to enter in login information, bank account numbers and other information that enabled hackers to initiate a $400,000 wire transfer. Fortunately, the real Bank of America was able to stop the transfer before it happened.

Another tactic growing in popularity is to install a virus that encrypts every file on the network. Hackers then demand a ransom to release the files back to the business. Small businesses in the U.S. and Europe have already paid out hundreds of thousands, if not millions of dollars to these hostages, because they don't have much of a choice. It's either pay up, or their business is shut down.

Security software and firewalls can't stop these types of attacks, because they all originate from emails that are sent to employees. And, these are

According to Symantec, half of all spear phishing attacks (emails to employees that contain viruses, malware and links to fake websites) target small businesses, defined as having 1 to 250 employees. **The most targeted industries are finance, insurance, real estate and the services sector.**

not random emails. They are targeted attacks on specific dealerships and the individual employees who work there.

Security Recommendations

Centralized security program such as Microsoft's Active Directory. It allows managers to set permissions for every computer and employee, and to lock out access from former employees.

Centralized security patching, anti-malware and anti-virus software. The program we recommend is called WebRoot. WebRoot receives updates instantaneously. To realize how important instant updates are, Microsoft used to release security updates for its software once a month. Now it releases updates several times a day. That's how quickly new viruses and malware are being created.

HeLiON
AUTOMOTIVE TECHNOLOGIES

Firewalls are able to block hackers who are attempting to break into the network from outside the dealership. However, they are not able to block information being sent from within the dealership to the outside.

Intrusion Prevention Systems (IPS). These systems prevent sensitive and valuable data from being transferred from the inside to the outside of the network.

An Internal Security Policy. Every auto dealership should have a security policy that includes protocols for employees to follow that will keep data secure. Training is key. Every employee should know about the latest cyber warfare tactics and how to combat them.

Cyber insurance. Property insurance protects dealerships from physical damage done to computers, network equipment and other devices. It does not cover costs associated with loss of data in the event of cyberattacks. To protect against monetary losses associated with data breaches, auto dealers should purchase Information Security and Privacy Liability policies.

Typical costs resulting from a data breach come from:

▸ Contacting all customers and paying to monitor their credit reports for up to two years.

▸ Losing business opportunities as a result of downtime.

▸ Investing in professional services including IT security consultants, risk-management consultants, lawyers, physical security consultants, auditors and accountants, management consultants and public relations consultants.

▸ Making IT infrastructure upgrades.

▸ Suffering damage to the company's reputation after an attack.

Additional consequences include investigations, audits, lawsuits and possible FTC action for noncompliance with the Gramm-Leach-Bliley (GLB) Act and software copyright laws.

Security Revenue Drivers

▸ From 2013 to 2015, costs due to cybercrime quadrupled. According to Juniper research, costs will quadruple again in the next four years. In 2019, businesses will pay an estimated $2.1 trillion globally.[6]

▸ According to the Ponemon Institute, the average cost per stolen record is approaching $200. For an auto dealer with a database of 100,000 customers, this could add up to $2 million.[7]

helion
AUTOMOTIVE TECHNOLOGIES

Conclusion

For most auto dealers, the business's primary focus is on selling and servicing vehicles. Many view technology as a necessary but unwelcome cost; something they must have in order to run their operations, and not something that can help them drive revenue.

This eBook provides data to encourage dealers to change this perspective. Investing in the right technology can increase productivity, reduce expenses, save time and increase customer satisfaction. The right technology will keep your dealership and customer data secure.

Five areas where these returns are most apparent are:

1) Wireless
2) Internet
3) Collaboration Tools
4) Videoconferencing
5) Security

Bibliography

[1]ROI consultancy Alinean Inc.
[2]Cisco Connection Counter
[3]Infonetics
[4]NADA Data 2014
[5]Norse Attack Map
[6]Juniper Research
[7]Ponemon Institute

HeLiON
AUTOMOTIVE TECHNOLOGIES

HELION
AUTOMOTIVE TECHNOLOGIES

Helion Automotive Technologies Corporate Office
1965 Greenspring Dr
Timonium, MD 21093

443.541.1500

heliontechnologies.com