
ROI

Whitepaper

Understanding the Business Case for a Vehicle Tracking and Inventory Management Platform for Automotive Dealerships

HOBSON & COMPANY

Independent Market Research Firm Focused
on Measuring Quantifiable Business Results

The Business Case for a Data-driven Vehicle Tracking and Inventory Management System

Dealerships that rely on manual processes to keep track of their vehicles report issues that impact not just day-to-day operations but broader business performance. Deploying an intelligent vehicle tracking system delivers a broad range of financial and performance benefits, including improving the efficiency of retrieving vehicles and inventory tracking and audits and also the ability to eliminate customer delays, protect against theft and liability and enhance visibility into vehicle health so the ROI of every vehicle on the lot can be optimized.

Hobson & Company (H&C), an independent research firm focused on Return on Investment (ROI) studies, worked with Cox 2M, a leader in asset tracking solutions, to quantify the costs and benefits of implementing an intelligent lot management system. H&C conducted independent research consisting of in-depth interviews with Cox 2M customers and found that LotVision addresses specific customer challenges and delivers a quick and compelling ROI.

Over 3 years, a representative customer generated a:

424% ROI

The impact of the LotVision platform is not only strategic but measurable

Based on this analysis, an auto dealership with 1,400 vehicles on hand and approximately \$50M in annual revenue would recoup the cost of LotVision in just over 3.5 months and generate a 3-year ROI of 424%.



Dealership Lot Management Challenges

Customers interviewed for this study noted that there are consistent operational challenges in optimizing their lot management activities. Below is a list of some of the most universal concerns.

Inefficient Manual Processes



Operations managers and general managers report that their staff spends an inordinate amount of their time on vehicle tracking and retrieval (including manual scanning and data entry). Vehicles are constantly changing location and are often hard to locate. Even more important to dealers than the location of each car was the opportunity to reduce time spent on inventory reconciliation.

Lack of Data to Optimize Workflows



The increased need for data to eliminate bottlenecks and barriers to sale was a key motivation for dealers. The availability of real-time information on location and health of all vehicles could help address inventory holding costs, vehicle theft and liability and revenue opportunities such as reducing the time to sale and improving the customer experience.

Customer research identified six benefits of the LotVision platform across two key business objectives:

Streamline Operations

&

Increase Profitability



Streamline Operations

Reduce time spent on vehicle tracking & retrieval

LotVision provides staff and 3rd parties real-time location tracking via proprietary hardware utilizing GPS, Cellular, and Bluetooth-based sensors. In addition, customizable geofences and rules allow users to receive notifications when vehicles enter and exit areas of interest.

“We’ve got a good-sized campus, so this makes it easier to find inventory. We can spend 50-66% less time looking for cars (going from 10-15 minutes to 5 minutes per car).”

- General Manager

Customers interviewed reported:

80%

REDUCTION in time spent on vehicle tracking & retrieval

Customers interviewed reported:

70%

REDUCTION in time spent on inventory reconciliation

Reduce time spent on inventory audits and reconciliation

LotVision delivers real-time visibility into vehicle inventory, status, health, and precise location across all sites. Further, the platform aggregates and displays vehicle data collected through LotVision devices (incl. battery health).

“LotVision provides the nearest to real-time data as we’ve ever had which facilitates inventory management.”

- Inventory Control Manager



Increase Profitability

Reduce expenses related to 'holding' inventory on-hand

LotVision provides detailed vehicle-path history and reconciliation data by integrating with inventory management systems to help customers find and eliminate bottlenecks and barriers to sale.

“LotVision has helped cycle times by getting cars in and processed faster because we’re no longer wasting time looking for them.”

- Operations Manager

Customers interviewed reported:

10%

REDUCTION in expenses related to 'holding' inventory on-hand

Customers interviewed reported:

5%

REDUCTION in expenses related to liability and theft

Reduce expenses related to liability and theft

LotVision enables real-time location tracking via proprietary hardware utilizing GPS, Cellular, and Bluetooth-based sensors. Additionally, LotVision sensors physically lock in place for secure installation and alert users when devices are removed.

“LotVision helps recover vehicles faster—which leads to higher recovery rates and better vehicle condition. It used to take 3-5 days before we could determine which cars were missing compared to being alerted if a car is moved after hours.”

- Director of Operational Excellence

Reduce time to sale by accelerating vehicle turnaround (including reconditioning)

LotVision enables dealerships to have more throughput through more efficient operational workflows and vehicle information (time savings, workforce, finding the right cars, vehicle battery, etc.)

“We reduced days to sale by 10% as we complete cars more quickly.”

- General Manager

Customers interviewed reported:

0.5%

INCREASE in annual revenue by reducing the time to sale

Customers interviewed reported:

1%

INCREASE in revenue with improved customer experience

Increase revenue with improved customer experience

LotVision provides staff and 3rd parties real-time location tracking via proprietary hardware utilizing GPS, Cellular, and Bluetooth-based sensors. Additionally, LotVision includes real-time OBD alerts with validated vehicle condition, battery, and workflow status to ensure vehicles are not only easy to find but also ready to drive.

“We’ve had people leave because we couldn’t find a car before...time kills deals so the faster we can find a car, the better the experience is for our guests.”

- General Manager

Key Findings



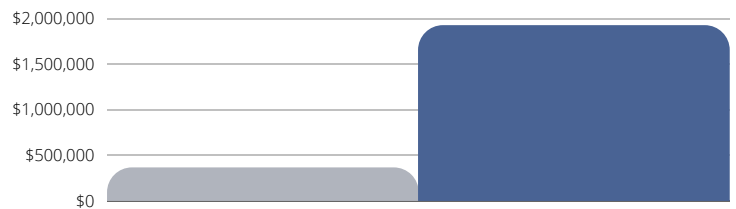
Research Results

The value of a validated vehicle tracking and inventory management platform is immediate and demonstrable. A sample auto dealership with approximately \$50M in annual revenue with the profile below can realize significant financial benefits from an investment in LotVision:

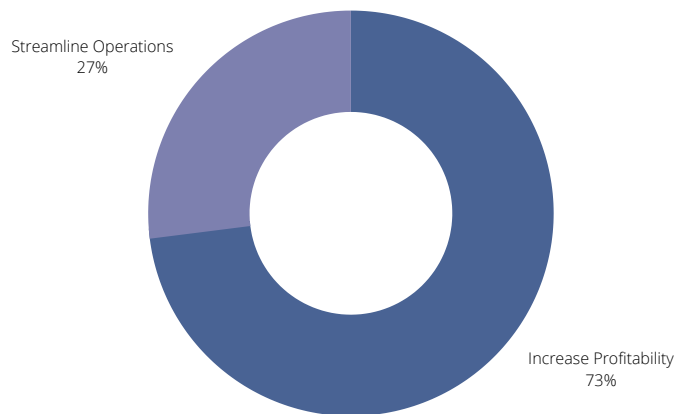
- Approximately 1,400 vehicles on hand
- Approximately 31 average total # of daily hours spent on vehicle tracking and retrieval (including manual scanning and data entry)

For this representative dealership, a 3-year investment of \$366K generates a positive return in 3.6 months and a 3-year ROI of 424%, with annual benefits exceeding \$700K.

Investment vs. Return



Benefits by Business Objective





About Cox 2M

Cox 2M is the commercial Internet of Things (IoT) business line within Cox Communications. Our mission is to unleash the true potential of a connected world by enabling complete asset tracking and monitoring solutions, giving businesses and communities the data and tools they need to improve processes, realize operational efficiencies, and deliver better experiences to customers and residents. For dealerships, LotVision specifically helps improve operational efficiency, streamline workflows, and enhance customer experience by providing real-time location and telematics on all vehicles. Learn more at cox2M.com.

About Hobson & Company

Hobson & Company helps technology purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. For additional information, please visit www.hobsonco.com.

Disclaimer:

The return-on-investment (ROI) and other financial calculations expressed in this research paper are based on data provided by Cox 2M clients and various assumptions and provide estimates only. The actual ROI realized by clients may vary from the estimates provided. Cox 2M offers this tool to assist customers with evaluating their solutions; however, Cox 2M and Hobson & Company (the firm that created the tool) are not responsible for the accuracy of any estimates.

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