An Automotive Ecosystem Case Study for a Leading Canadian Bank
Industry Overview:

Digital innovation is cultivating a new generation of customers, as well as a ‘new’ generation of service providers, such as companies like Amazon moving into the banking industry, who are looking at current customers as well as the customers of the future. In order to remain competitive and relevant in a rapidly evolving industry, banks must act creatively and proactively to keep up with changing customer needs and desires. This requires a shift in perspective, where the customer or prospective customer is at the center of the value chain, and therefore banks must rethink how they can engage with customers and provide a one-stop-shop for value-added services. To achieve this, digital ecosystems and a platform approach will be essential to the future of banking. Digital ecosystems bring together people, business, and ‘things’ to allow banks to go beyond traditional banking services and reposition existing digital platforms by leveraging the use of Open APIs, Data and Analytics, AI, IoT, Mobile, and more to better engage with customers and create more opportunities to provide more selling opportunities in a more personalized way.

To create a successful ecosystem approach, collaboration is key, including data sharing, talent, platforms, and more between partners. The ecosystem would consist more of external data and service providers and less from the bank. The stakeholders or beneficiaries in this scenario feed into each other to benefit one another. Banks would provide all of the data and intelligence to support the ecosystem, as well as owning the platform which encompasses customer experience, data, analytics, and services. Recent research found that 63% of US executive said that ecosystems are the way to address or lead disruption, and that ecosystems could unlock $100 trillion of value for business and wider society globally over the next 10 years.

McKinsey recently outlined one example using the housing market as an example, given that it is expected to be one of the largest ecosystems globally because of the vast size of this market. By having a deeper understanding of customer needs and preferences on their housing journey, banks can effectively create an opportunity to better service the customer by saving them money and time, while transforming an industry that, like banking, has had many parts remaining largely the same for the last several decades. Today, banks are primarily focused on the buying portion of the housing process with mortgage lending, but an ecosystem would focus on buying, renting, living, and selling. Another example that Synechron has actively worked on where an ecosystem would provide value to the customer, and ultimately provide new opportunities for the bank, is auto financing, where customers could go to the bank for a one-stop-shop for their auto needs, rather than relying on the car dealership as an intermediary between customers and banks. Below outlines in more detail what an Automotive Ecosystem Case Study would entail.
In Auto business, lenders have multiple touch points from dealers and customers, and usually depending on dealers for loan volumes, leaving customers out of the equation and giving them less choice when it comes to their auto financing needs, since the dealer will handle it independent of the customer and then just provide the loan information back to the customer once approved. In creating a more strategic auto finance strategy to better service customers and empower those customers to directly work with the bank to choose their loan options and have other auto-related services from the time they buy their car and trade in their old vehicle, until they are ready to start the process over again. The goal is to also create more strategic partnerships between dealers and auto manufacturers and enhance touch points with the end-customer simultaneously.

RBC Ventures saw an opportunity here to create a new B2B2C business model to better engage with customers, and in turn, better service them. By transforming business processes to adopt a B2B2C strategy, they ensured keeping pace with innovation and created the opportunity to capitalize on new revenue channels and cross-selling opportunities with a new customer-centric model, creating better experiences and keeping in mind customer pain-points in the design and functionality of the service. Because the customer is at the center of this new business model and value chain, different personas and individual customer journeys are all accounted for.

Innovative companies like RBC have started to look at how they can transform their customer ecosystems and digital services ecosystem by rethink how the customer relates to all core products around which their business centers whether that is their car, home, lifestyle brands and more. The five-year vision the company has defined is to create a customer centric ecosystem around this range of products and services in order to create a range of concierge services that enhance the customer experience around the full lifecycle of that product acquisition, ownership or disposition. To create an entire ecosystem for the individual, RBC Ventures saw the opportunity to create streams for lifestyle, home, and auto create an entire workflow for the customer to manage all of their property in one stream.

**Lifestyle:** TBD

**Home:** By creating services for the home, including the real estate process of finding a home with historical home and neighborhood information, the mortgage loan process, loans and sourcing for the renovation, repair, and furnishing process, insuring the home, and selling or renting the home later down the road to encompass the entire housing lifecycle

**Auto:** Figuring out a budget, a make and model of interest, locating a dealership, setting up a test drive, making a deal for pricing and financing the car would be streamlined in one workflow, as well as repairs to the car, trade-ins, recalls and safety, and loyalty programs for gas and more.
Automotive Finance Lifecycle

- Domain expertise to do existing state analysis
  - Acquisition, Ownership, and Disposition

- Digital Transformation / Future State Re-imagination – pitched them the idea of Ecosystems as an approach to solve this business goal

- Customer, Dealer, Bank Funnel >
Ownership

In an effort to expand its mobile and digital offerings, RBC Ventures identified automobile owners as a key customer for its auto-financing business; however, existing business operations have the auto-finance group primarily working with intermediaries (automobile companies, insurance companies, etc.) rather than directly with the decision-making customers. Additionally, RBC Ventures saw that car owners don’t currently have a centralized ecosystem to manage their auto-related documents and services. Synechron was strategically chosen to design and implement a direct-to-customer, auto-ecosystem application due to its strong capability in digital strategy, innovation, and extensive experience building custom mobile applications. The objective for the application was to allow RBC to be top of mind and top of funnels for the customer at any point in the auto finance lifecycle when key auto finance related decisions happen in the future.

Providing support through all of the everyday maintenance that are a fundamental part of car ownership, and can quickly become time-consuming, tedious and dis-jointed for the owner, RBC created this auto-ecosystem for Auto ownership with a funnel of key priorities, including the tracking of mileage, recall and safety alerts, regular maintenance tracking for oil changes, tire services, brake replacement, etc., as well as the scheduling of these services. The services also include location and loyalty programs for fuel, parking information, car wash locations and scheduling, and in-app functionalities like relevant news articles, DIY videos, and a credit card with additional loyalty offers.

Acquisition

To build on the auto financing experience today, RBC Ventures identified areas where customers are left on their own to research and schedule time to start the auto-buying process, and saw an opportunity to streamline this process from the very start, and create an end-to-end service from car shopping, buying and maintaining the vehicle, through trading in that vehicle and starting the process over with a new car. To be involved from the start, RBC Ventures can use its direct-to-customer application and worked with Synechron to build a Service Dealer Hub to reach customers to help research and find desired vehicles, and partner with local dealerships to locate specific car models and schedule test drives for the customer to have a physical experience as part of the car shopping process. Once a decision is reached by the customer, they can directly apply for auto-finance with the bank and have loan processing completed on-site at the dealership, without the dealer brokering an agreement as an intermediary between the bank and customer. This empowers the customer to be in control of where they do business with their auto-finance, not limited to who the dealer reaches out to and gets an agreement. With this service, customers are engaged with the bank before they even step foot onto the car dealership or see the car in person.

Disposition

Following the customer through the lifecycle to the end of their journey with one vehicle and start the process over again with their next vehicle, RBC Ventures worked with Synechron to create a Marketplace proof-of-concept to connect buyers together as a single source of truth for all vehicle details. The vehicle details could be stored on blockchain to create a single view of vehicle information that cannot be changed or altered. In this POC, a car owner would be able to assess the true value and trade-in value of their car to make the best deal on selling or trading in, or assess when the best time would be to get the most value for their vehicle. At this stage of moving on to their next car, the service would provide customers with a selection of recommended vehicles to review based on lifestyle, previous cars, and customer needs that may be changing, for example a single person getting a new, larger vehicle once starting a family. Customers at this point can receive auto finance offers and apply for financing based on various scenarios.

Connecting the Dealership

To complete the ecosystem, RBC Auto Finance wanted to extend its offerings to provide services to the dealerships by offering tools to business managers and dealership principals for day to day loan servicing. Today, there are limited options for submitting a loan application for a customer at a dealership, and once submitted, there are limited features when getting status updates for the same. By launching Autovantage, a dealership portal, business managers at dealerships can now send loan applications directly to RBC. The portal provides information on existing loan applications including real time status updates. It also allows the business managers to upload documents and communicate with RBC adjudication, funding and support teams. Autovantage also provides an aggregated view of financials performance and business statistics to the dealership principals.

Autovantage has two basic views. The Applications view is where a dealership can see all RBC loan applications, updates in real time, and chat with a RBC representative in real-time. The Insights view provides aggregated statistical business and financial data including a high-level graph that shows categorized data of loan applications and relevant dealer incentives to provide a clear picture of the earned and potential business and incentives.

Autovantage also provides tools to dealerships for helping customers who want to pay off their current RBC loan in full when shopping for a new car, making it a seamless trade-in experience.
Solution Approach:

The direct-to-consumer application, DRIVE, creates one location for all of the user’s auto needs. It constructs an ecosystem environment for users to access insurance information, car valuation, recall and safety notices, gas station location and discounts including a reward system, and other value-added services for drivers and car-owners.

With DRIVE, users can select their Province and mobile-scan their VIN barcode or upload a photo of their license plate, allowing the application to show the make and model of the car, its current and depreciation value estimates, and relevant recalls. DRIVE additionally gives users access to a secured “digital glovebox,” which scans and stores documents such as insurance records, registration, maintenance history, roadside assistance and more. Through its depreciation estimates, the application can calculate the car’s future value against loan payments in the glovebox and identify the right time to trade-in.

DRIVE leverages predictive intelligence to understand user behavior to present them with customized news, articles and others. In the private beta version, DRIVE integrates with an Internet offerings (IoT) device to capture insights into the vehicle to diagnose problems, provide repair estimates, and help the user book a repair appointment.

Users also can book services through the application related to ongoing maintenance, insurance and other service providers and manage those bookings through the meeting scheduler. They also can upload and digitize their receipts to have a complete service history centralized in one place.

The app also allows them to schedule a test drive through the application – book your test drive in advance with the different dealerships on the platform – and constantly add new dealers. Through a partnership with Tire Butler, users can also manage tire repairs and storage. In addition to building the application, to help RBC Ventures position this innovative new service offering, Synechron developed a series of 4 Video prototypes, helped the bank to set up the AWS environment drawing on its Cloud experience, and supported their integrated marketing and brand strategy at the Toronto Auto Show where the app was launched in Beta.
Results Achieved:

Best Auto Application Award Winner 2017

The DRIVE application has been honored with recognition as a winner in 2017’s Mobile Star Awards for Best Auto Application, and has been shortlisted in this year’s FSTech Awards for Best Use of Mobile

Available On All Mobile Platforms

DRIVE is available on iOS, Android and web through the App Store, on Google Play, and directly through the RBC website

Accepted in the Canadian market

After a successful Beta period, Drive 2.0 has been widely accepted in the Canadian market

100K+

active users of the application within one year

400+
dealers onboarded

700+
appointments blocked across various services