

2009 Global Telematics & Navigation
Product Differentiation Innovation Award

Mobile Devices

The Frost & Sullivan '2009 Global Telematics & Navigation Product Differentiation Innovation Award,' is presented to Mobile Devices. This award recognizes the company's ability to develop products with more innovative features than its competitors. The company offers four major products such as connected devices for telematics (C4 range and Dreevo range), an open telematics platform which already has a strong developer base, a complete eco-system for faster deployment of telematics application and a unique plug-and-play development method. These product lines allow the successful adoption of new or existing technologies very easily and significantly contribute to the telematics industry in terms of product performance.

The Company

Telematics market is vertically integrated and fragmented. Several applications exist at present within the telematics domain such as fleet management, security, location-based services and navigation; yet most applications are closed loop and do not allow an easy transition from one type of application to another. The founders of Mobile Devices believed that it would be tough for telematics industry to expand rapidly and cost effectively at the same time. Mobile Devices was created seven year ago by a group of engineers from the automotive sector with the vision of providing telematics as a cost-effective and scalable product.

In 2008, the company released its fourth generation telematics platform. The company currently operates in the B2B domain and is at present expanding to B2C domain. It addresses tier 1 suppliers, portable navigation device manufacturers, cell phone carriers and the like. The company has the ability to provide navigation, connected services, tolling as well as stolen vehicle tracking.

Product Differentiation– Key to Success

The software industry is characterized by platforms such as Windows; similarly the mobile phone industry also witnessed the emergence of platforms such as the Symbian and Android. The development based on platform architecture has been recognized as a crucial success factor in these industries. Within telematics, however, several players were involved in creating various technologies such as connectivity or end-user functions such as navigation. All these technologies were proprietary and the combination of all services and hardware ended up being very

expensive for the user. There was no common platform and even if there was one, it was very limited in terms of functions

Mobile Devices have addressed the above challenge with its open telematics platform, Software Development Kit (SDK) and Integrated Development Environment (IDE). The significance of this platform is that there are already more than 1,500 developers using this platform to develop applications. The influx of new developers, all based on a standard platform, has enabled Mobile Devices to reduce costs by more than three times in three years.

At present Mobile Devices is the only company which can provide such a platform with an open ended channel for professional applications. The other advantage of this platform has been the simplicity of usage, which allows the minimum time to market for new applications. As it is an open architecture platform, the number of developers willing to work on this is increasing and growing into a community, which is a crucial factor for the success of applications.

The telematics platform has more than 2,500 API already built, with more than 300 telematics components, all ready to be deployed depending on customer needs.

This is very similar to plug-and-play technology. Usually companies are either involved in hardware or software alone. However, Mobile Devices has created a complete telematics eco-system comprising hardware, software and necessary third-party developers for new applications. This is a very unique approach and has been the key to the company's success.

Ease of Scalability

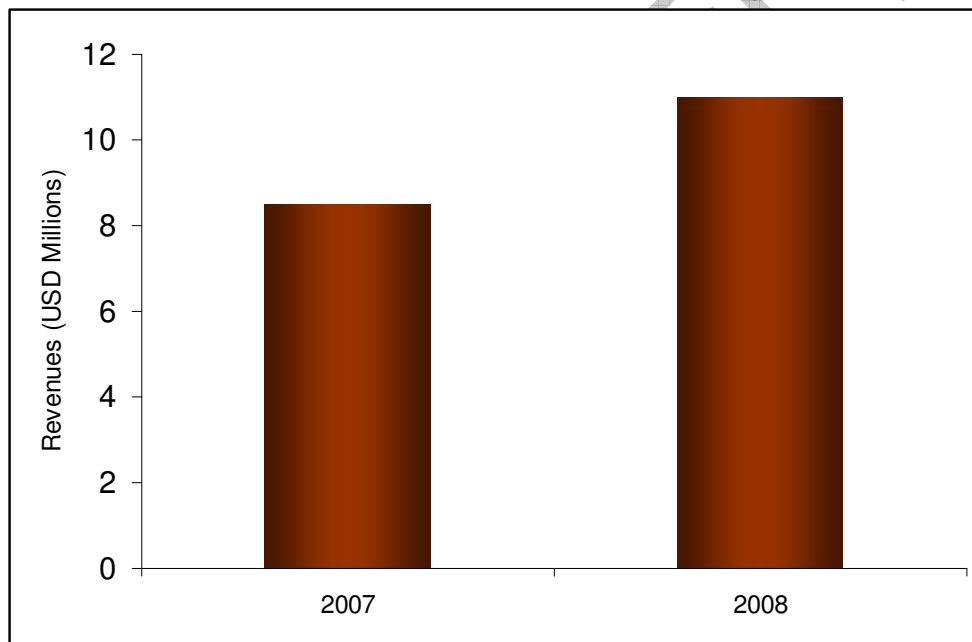
Mobile Devices provides a complete telematics eco-system. The company supplies hardware such as telematics boxes used for tracking applications, software platform and open communication gateway, which enable easy scalability of applications to the product, and easy integration to third party systems

The company has developed several applications for the ecosystem and also has third-party developers who can generate new applications for its customers. The ability to develop new applications and deliver them on time is one of the most important factors for customer retention. The company accomplishes the above tasks with ease, which could be illustrated with an example; it took exactly 17 days to successfully run a new fuel price application on its connected devices, Dreevo range. The same above task took 3.5 months to complete on a connected PND using the same information provider. This clearly demonstrates the simplicity of the platform and the ease of scalability to offer new applications when demand rises. Another example was the yellow pages application; the company was able to implement in only 21 days, whereas others took several months. This scalability is very crucial as the ability to add on existing platform reduces cost. If a fleet telematics provider has a simple tracking device and wants to provide navigation and services, it can easily do so with Mobile Devices, as all applications run on the same platform. This is a differentiation factor that has been the key to the company's success.

Positive Impact on Revenues

The company has sold more than 120,000 devices; including 60,000 tracking devices and 35,000 connected PNDs and 25,000 navigation displays. These are sold as white label products to major fleet management companies and PND manufacturers. This flexibility of selling as a white label product also shows the company's commitment to growth through various distribution channels spread across Europe and the US. The company has been profitable since its creation and has grown to \$10 million by the end of 2008 from \$8.5 million in 2007, with more than 350 customers in many different areas of telematics. The revenues have been increasing every year and the company has a very strong focus in research and development (R&D), with more than 60 per cent of its resources focused on R&D. Currently, about 70 per cent of the company's business is international, which would increase as the company is expanding its global presence. Chart 1 shows the revenue growth of Mobile Devices in the Telematics and Navigation market

Chart 1: Telematics and Infotainment Market: Mobile Devices Revenue growth, 2009 (in USD)



Source: Frost & Sullivan

The company is presently conducting pilot studies in the US market for usage based Insurance applications. Mobile Devices provides its hardware combined with its navigation and location based services (LBS) for these pilot studies.

This is very important because till now these insurance applications were very expensive; as the hardware and software used required lot of integration also this was time consuming. Insurance companies find mobile devices ecosystem an attractive solution to position their application along with other applications such as

navigation and LBS. The ecosystem also allows easy integration for new insurance applications and also is cost effective.

Conclusion

The unique approach taken by Mobile Devices to provide hardware and software and complete eco-systems has been instrumental in the company's success. The company's vision to address a market challenge holistically, at the same time increasing its revenue growth in the market is highly commendable. The company has successfully demonstrated its ability to provide existing technology and create a well designed product family. All the above factors make Mobile Devices the worthy recipient of '2009 Global Telematics & Navigation Product Differentiation Innovation Award.'

Award Description

The Frost & Sullivan Award for Product Differentiation Innovation is presented each year to the company that has best demonstrated the ability to develop and/or advance products with more innovative capabilities than competing vendors and products. This Award recognizes the company's successful adoption of new or existing technology that has become a part of its well-designed product family. Such innovation is expected to significantly contribute to the industry in terms of product performance and degree/rate of technical change.

Research Methodology

Before considering the recipient of this Award, the analyst team tracks competing market participants' product differentiation strategies through ongoing research. This research consists of market participant interviews, end-user surveys, and extensive secondary research. The data compiled through this research is analyzed based upon specific measurement criteria for this Award. Participants are then ranked with respect to the measurement criteria. Frost & Sullivan then presents the Award to the company that received the number one rank.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine the final ranking of industry competitors. The recipient of this Award has excelled based on one or more of the following criteria:

- Degree of differentiation innovation compared to other market participants

- Positive impact on sales directly related to product differentiation
- Time to market improvement based upon product differentiation strategy
- Benefit to end-users due to product differentiation
- Effect of product differentiation on ease of adaptability for new end-user applications
- Effect of product differentiation on market maturation

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