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Kienbaum Connected Car Study on Digitalization in the Automotive Industry

Connected cars are the future, knowhow and processes the challenges of the present

- » Connected cars demand new customer-driven development processes
- » Organizational structures and leadership cultures need to change
- » Digital talent is getting scarce; new qualifications are required

Dusseldorf, 5 April 2016 Car makers and their suppliers in Germany know: Connectivity and digital solutions in cars are increasingly becoming an indispensable part of their business. New competitors are making themselves felt in the market: 93 percent of automotive companies consider Google, Apple, and other digital enterprises their future competitors. At the same time, they believe that connectivity solutions and software will account for about a third of the revenue from new car sales in 2020. These are the results of the connected car study published by the consulting specialists at Kienbaum. Kienbaum has spoken to experts at numerous big names and start-ups in the industry about the future of the connected car.

“The results of the study tell us: Connected cars and automotive digitalization will have massive implications for the industry at large. The sector is facing groundbreaking changes, which will affect all aspects, from the individual employee and leadership concepts and processes to complete business models”,

states Martin Neuhold, automotive expert at Kienbaum.

Connected cars demand new, customer-driven development processes

Getting new software capabilities on board also means changing processes in product design: All surveyed companies expect development cycles to accelerate substantially in future. Design and development processes must become more dynamic and agile. “What is paramount here is a stronger sense for the customer and for the actual habits of users. The successful software solutions and apps of today are built in response to a constant stream of user data“, Martin Neuhold explains.

Need for change in organizational structures and leadership cultures

The more connected and innovative car designs are becoming, the more important a new type of culture and organization will be for corporate success: 79 percent of the companies surveyed by Kienbaum think that a cultural shift is needed in the industry in order to reconcile the different expectations of software developers and traditional automotive engineers. According to the organizational expert Neuhold “It is essential for organizations to become receptive to new approaches, with less complex hierarchies. Internet companies are using a variety of tools and following a philosophy of fluid organizations that can respond quickly to changing priorities or new challenges.”

Three of every four surveyed companies assume that corporate structures in the automotive industry are set for a fundamental revolution. “At the same time, leadership cultures need to open up and be more tolerant of mistakes, and the prevalent conservative management thinking needs a rethink. This means a true cultural change that needs more than introducing casual Fridays”, as Martin Neuhold explains.

A lack of digital talent in the automotive sector

Considering the greater role played by software in cars and other vehicles, there is a surprising skills gap in terms of digital knowhow at automotive enterprises: 61

percent of the surveyed companies already lack sufficient qualified software and IT specialists. 83 percent of all companies expect the situation to become a major problem for them.

IT knowhow is beginning to determine success and failure for automotive suppliers in particular: 92 percent of the companies surveyed by Kienbaum believe that suppliers with substantial IT and software capabilities will be able to outperform the market. The flipside of the coin: 71 percent of respondents believe that the products of suppliers lacking such capabilities will be easily replaced by others.

Carmakers and automotive suppliers calling for an educational overhaul

73 percent of the surveyed companies call for new job formats and professional qualifications to match the new demand for IT skills in the design and production of connected cars. On the wish list are interdisciplinary degrees in electronics, computer science, and mechanics and dedicated qualifications in data management and data science.

You can download the study "Connected Car 2016" [here](#). For more information about the study, please contact Martin Neuhold (phone: +49 211 96 59-263, martin.neuhold@kienbaum.de).

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Kienbaum was founded 70 years ago in Germany and still operates as a family

enterprise with established management partners. We are present in all major hubs of the German economy and maintain 33 local offices across 18 countries. In addition to successful family enterprises and global market leaders, we count major corporations among our clients.

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