

# Automotive Parts Information Solutions

***Investment Thesis***



# The Team

- **Alan Aldworth**
  - Former Chairman, President, CEO and CFO of ProQuest (\$500M revenue), a US public company
  - Led transformation from diversified manufacturing and information company to global technology solutions leader in education and automotive markets
  - Expanded operations worldwide
  - Led development of auto parts solution (i.e. like the business proposed here) that was sold for \$550M
    - This investment thesis is essentially a replay of that success
  - 18 years in senior management at Tribune Company including General Manager of \$375M division

# The Team

- **Dr. Michael Bodner**

- Information Technology Executive for 20+ years focused on architectural design and next generation platforms
- Served as CIO at Infomedia , an Australian public company, publisher of auto parts solutions
- Senior Executive at ProQuest and Thomson
- Served as CTO for Thomson Legal and Regulatory Global

- **David Ernst**

- 20+ years as Business Development Executive with particular focus on M&A
- 15+ years with ProQuest in automotive technology market
- Competencies include strategic planning and acquisition integration

# Auto Manufacturing Today

- **A vehicle today is comprised of 5,000 to 7,000 parts from thousands of suppliers**
  - Each vehicle model has millions of potential configurations
  - Every vehicle has a unique identifier a VIN that contains *all* of this information
  - Service, repair, warranty, resale, etc. all need access to parts information
- **OEMs are global and create global common vehicle platforms**
  - Same parts are used globally
  - Parts information changes daily
  - All this information has tremendous value to many stakeholders; the manufacturers, insurance and warranty, repair and the vehicle owners
- **Currently most of this valuable parts data is in inaccessible silos so it cannot be monetized efficiently and effectively**

# Opportunity

- **Industry Is Changing Rapidly**
  - All manufacturers think globally
    - Design, manufacturing, systems
  - Users want current, accurate parts information but existing solutions are not web based
- **Customers Demand Integrated Global Solutions**
  - Incumbents' response has been inadequate due to competencies, governance and appetite for investment
  - The current market leaders in parts information are dysfunctional and cannot respond to the market needs
- **A new entrant can dominate this industry and take it to the web in a few years**
  - The group with the best management, technology and relationships will win

# History of Parts Information Industry

- ▶ **Pre- 1975**
  - Auto industry was simpler and US centric
  - Parts info published in paper manuals several feet thick updated annually
- ▶ **1976-1995**
  - Bell+Howell introduces catalogs on microfilm
- ▶ **1990**
  - Bell+Howell introduces first electronic catalog on CD ROM to GM
- ▶ **2000**
  - Bell+Howell has contracts with most auto manufacturers around the world to provide CD based catalogs
  - Infomedia enters electronic catalog business from Australia and secures contract with Ford in Europe
- ▶ **2001-2006 - Globalization of Industry and the Rise of Asia**
  - Bell+Howell and Infomedia grow rapidly
  - A few new entrants enter the field but do not gain material share
  - Bell+Howell (now ProQuest) makes several unsuccessful attempts to acquire Infomedia
  - ProQuest secures \$350M contract with GM
- ▶ **2007-2009**
  - ProQuest Business Solutions sold to Snap On and ADP for \$550M
  - Infomedia hires Technical and Sales executives from former ProQuest business
- ▶ **2010**
  - Infomedia CEO, CTO depart. Snap On and Infomedia both in state of chaos. Most key talent management and talent is lost

# Industry Overview

- Automotive Industry Is \$1.3 trillion globally representing almost 10% of global trade
  - Aftermarket sales account for 67% of total industry
  - OEM's are seeking information solutions to capture more of the aftermarket sales and service
- China has surpassed the US as the largest market in number of cars sold, India will follow as will eastern Europe within a decade
- Information solutions providers for parts and service management are a fragmented collection of internal OEM systems, third party developers and a few full service publishers including the former ProQuest unit now owned by Snap On, Infomedia and Clifford Thames.
- Industry is just beginning the transformation to cloud computing.

# Proposed Strategy

Develop premier provider of SaaS based parts and service information solutions to the global auto industry

- Assemble top management team from auto information solutions industry
  - Strategy, relationships, technology, domain knowledge
- Acquire Clifford Thames as platform for \$40M
- Secure data agreements with GM, Ford, and Chrysler
- Acquire several add on acquisitions
- Develop new SaaS based parts data monetization products



# Uses for Parts Information Database

- Service and repair – VIN web service based parts information retrieval
- VIN service history
- Used car window stickers
- Classic car certification
- Vehicle appraisal
- Part traceability for warranty claims
- Delivery of cross-model and cross-brand analysis for early warning purposes

# Add-On Acquisitions

- OEM Auto
  - China EPC
  - India EPC
  - MPi
  - OEC
  - Lexcom
- Auto Aftermarket
  - WHI
  - Activant
  - Chilton's
  - Motor
- Warranty
  - 4CS
  - Entigo
  - Service Bench
- Outdoor Power Equipment
  - ARI