

F R O S T & S U L L I V A N

2024 ENABLING TECHNOLOGY LEADER

*IN THE EUROPEAN
TELEMATICS INSURANCE
INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Targa Telematics excels in many of the criteria in the telematics insurance space.

AWARD CRITERIA	
Technology Leverage	Customer Impact
Commitment to Innovation	Price/Performance Value
Commitment to Creativity	Customer Purchase Experience
Stage Gate Efficiency	Customer Ownership Experience
Commercialization Success	Customer Service Experience
Application Diversity	Brand Equity

A Market Snapshot

Connected cars, in-vehicle connected services, and the rising awareness of driver behavior are encouraging growth in Europe’s automotive usage-based insurance (UBI), also known as telematics. Insurance companies’ telematics adoption is revolutionizing the automotive insurance industry with relevant and innovative insurance policies for customers. The European insurance industry is driven by

“Moreover, the growing adoption of connected vehicles, coupled with advancements in in-car services, data generation, and safety awareness, has led to increased demand for tailored insurance solutions in Europe. Targa’s expertise in technology and understanding of regional needs positions the company as a valuable partner for insurers seeking to implement successful telematics insurance programs.”

- Parduman Satpal
Senior Research Analyst - Mobility

regional companies and significant partnerships between insurers and telematics providers, which is accelerating automotive telematics insurance growth. Moreover, Germany, Italy, the United Kingdom, France, and Spain are the most prominent and leading regions in the UBI space.

While insurers in Europe rely on self-gathered data, original equipment manufacturer (OEM) data is always a beneficial add-on to insurers. However, while OEMs are starting to normalize data aggregation, the gathered data available to insurers is extensively overpriced. Additionally, current European data regulations pose a necessary roadblock, including the

General Data Protection Regulation (GDPR), a comprehensive European law designed to protect its citizens’ privacy and personal data of its citizens by regulating the collection, processing, and storage of

personal information by organizations.

Although UBI adoption has slowed within the last decade, connected cars, vehicle connectivity, generated data, and changing automotive industry dynamics are resulting in a transition to digital technology and integration with in-vehicle infotainment systems. While data can generate new business opportunities, concerns for protection and privacy regarding location-based and personal information remain a significant headwind.

Frost & Sullivan research expects a gradual increase in UBI adoption over time and predicts the telematics insurance market will reach \$26.83 billion by 2028, with a compound annual growth rate of 30.4% from 2021 to 2028.¹ To capitalize on this growth, telematics insurance technology companies must deliver comprehensive and innovative solutions that empower clients, optimize fleet operations, and enhance mobility services.

Best Practices Excellence: Targa Telematics

Targa Telematics (Targa) is a technology company that develops smart mobility solutions and provides connectivity technology, digital platforms, analysis, and operating services to short- and long-term rental companies, leasing and insurance operators, and large fleet managers. The company offers a range of services from insurance telematics to asset and fleet management, remote diagnostics, and vehicle telemetry, including professional and construction-site vehicles, enabling businesses, organizations, and communities to maximize the benefits of connectivity. Following the acquisition of Viasat Group, finalized in 2023, Targa Telematics has strengthened its foothold in European markets by virtue of a strong presence in countries such as Italy, England, France, Spain, Portugal, Belgium, Poland and Romania, as well as in Chile, and is capable of working on projects of an international nature with dedicated local teams.

A Trailblazer's Path

Targa designs industry-leading telematics technology for organizations in the mobility sector to support various applications, including auto insurance, fleet management, and usage-based policies. The company tailors its comprehensive and innovative solution suite to the diverse needs of its clients. From fleet management to smart mobility, Targa's technology empowers vehicle owners to preserve asset value, optimize fleet operations, and enhance mobility services like car and bike sharing. The company's InsurTech solutions enable insurers to deliver cutting-edge products that mitigate risks and reduce premiums. Meanwhile, its asset management solutions ensure efficient asset utilization, and integration of various Internet of Things (IoT) solutions allows for comprehensive maintenance needs assessment, location tracking, and operational data analysis. Plexer, Targa's device collection, supports smart mobility services, while its Open Mobility Platform provides a customizable gateway for customers to access and implement tailored smart mobility solutions. The company recognizes the challenges associated with the mobility sector. Thus, it ensures it develops solutions that meet customer needs and market demands by continuous experimentation, research and development, and customer feedback to offer innovative solutions that competitors cannot duplicate. Targa's track record of success is evident in its impactful

¹ *Automobile Usage-based Insurance (UBI) in Europe-5, Forecast to 2028* (Frost & Sullivan October 2022)

solutions, such as its Corporate Car Sharing solution utilized by LeasePlan, which has led to notable reductions in fuel consumption and travel distance, thereby increasing vehicle utilization and reducing carbon emissions. Similarly, Targa's Stolen Vehicle Recovery solution has proven invaluable for clients like Hertz Italy, facilitating the swift recovery of stolen vehicles and minimizing theft-induced losses. These achievements highlight Targa's commitment to providing practical and effective solutions that drive operational efficiency and deliver tangible client benefits.

On the technology front, Targa faces challenges in low-speed and accident detection, particularly in stationary vehicles. However, the company overcomes these issues by leveraging machine learning (ML) techniques and unique algorithms to evaluate each vehicle's data model, identifying anomalies and minimizing false positives. By continuously refining its detection capabilities through feedback loops and collaboration with various data sources, Targa ensures its solutions' reliability and accuracy.

"[Targa] commands over 35% market share for installed insurance telematics devices across Europe; its diverse range of products tailored to different consumer segments positions it as a comprehensive solution provider for all telematics-related insurance needs."

- Samantha Fisher
Best Practices Research Analyst

Moreover, Targa differentiates itself from competitors with its open platform approach, fostering collaboration with customers and partners to integrate innovative third-party and proprietary technologies. This commitment to co-creation is underscored by allocating approximately 20% of the company's annual budget towards technology research and development. This investment prioritizes cost savings, vehicle efficiency, and sustainability, culminating in developing novel connected car solutions that cater to customers'

evolving needs.

Frost & Sullivan's research identifies Targa as a leading partner, leveraging cutting-edge methodologies to advance the telematics insurance market.

A Proven Track Record of Commercial Success

With its successful performance in Europe, Targa has a proven track record. Its adeptness in navigating the regulatory frameworks prevalent across the continent, such as the GDPR, underscores its success. The company maintains a robust presence in Europe and Italy. Specifically, the company notes that around 500,000 to 550,000 of these policies are attributed to Viasat alone or its solutions. This statistic underscores the company's significant market share and impact in the telematics insurance sector.

Since its establishment, Targa has significantly expanded its reach. Prior to acquiring Viasat, the company primarily targeted rental businesses, encompassing both short-term and long-term rentals, notably within the commercial insurance sector. The most widely deployed device in the company is onboard diagnostics, often directly connected to the vehicle's Can Bas. Targa services approximately 2.3 million devices in the insurance industry, including offerings from Targa and Viasat. For private insurance clientele, devices typically feature battery mounting or professional installation with three wires, remaining unconnected to the canvas (while canvas data can enhance algorithmic accuracy, its absence in private insurance devices has minimal impact on overall accuracy). Conversely, in the rental sector, devices are canvas-connected, facilitating accident detection and damage estimation.

Additionally, in January 2024, Targa acquired Drive-it, a spin-off of Earnix, a business branch specializing in driver behavioral analysis utilizing ML and artificial intelligence (AI) technologies. This strategic move bolsters Targa's portfolio, leading to the development of Targa Drive, a telematics solution tailored specifically for the insurance industry's digital evolution. Targa Drive harnesses smartphone-based telematics to gather data on driving habits, providing insurers with predictive scores for accurately assessing policyholder risk levels. This pioneering technology represents a significant advancement for Targa, fortifying its position in the insurance market and facilitating the advancement of future mobility solutions. Despite such innovations' proven value and benefits, the adoption rate among insurance companies remains a challenge. To overcome this challenge, Targa employs diverse strategies. For larger enterprises like Generale and Gruppo Unipol, the company seamlessly integrates its system with the provider's claims management system via application programming interfaces (APIs), ensuring smooth data integration into existing systems. Conversely, for smaller insurers lacking extensive information technology resources, Targa offers turnkey solutions, including web applications for crash analysis and reconstruction.

Frost & Sullivan anticipates rapid, widespread technology adoption. Targa's pioneering, first-mover status strengthens its position on emerging opportunities.

Roadmap to Success: Customer-centric, Continuous, Proactive

Targa demonstrates a strong commitment to customer-centricity and delivering value through its wide-ranging customer base, spanning OEMs, short-term rental, leasing, and corporate companies in the telematics insurance sector. With a comprehensive product suite covering the entire value chain from devices to software infrastructure and partner services, the company empowers mobility operators to develop unique and profitable shared mobility products rapidly. A key aspect of Targa's customer-focused approach is its differentiation strategy, which allows customers to design and develop new mobility products by leveraging Targa's microservices. This flexibility enables customers to tailor solutions to their specific needs, enhancing overall satisfaction.

Unlike many competitors, Targa builds its technology by collaborating closely with a range of stakeholders and partners to evolve alongside market needs and trends.

Targa Telematics & HERE Technologies²

In January 2024, Targa announced its partnership with HERE Technologies (HERE), a leading location data and technology provider. Incorporating HERE Platform's APIs (e.g., HERE Routing, HERE Map Attributes) into Targa's smart mobility and fleet management solutions allows its customers to access comprehensive driver route data. This integration enables key benefits for clients, including vehicle management costs reduction, carsharing and carpooling support, decreased insurance expenses through drive behavior analysis, proactive monitoring from improved driver safety, and ensuring global data consistency. This data is instrumental for real-time monitoring and post-trip analysis, enabling Targa to deliver a wide range of client advantages. Consequently, end-customers benefit from globally available, consistently updated data, as well as the latest advancements in vehicle electrification and carbon footprint reductions.

"Real-time insight, visibility, and efficiency are key to optimizing fleet management [...] We're excited to partner with leading global player Targa Telematics to help them save time, reduce costs, and improve driver safety with our HERE Platform APIs, and build a more sustainable future together."

- Gino Ferru, Senior Vice President and General Manager EMEA, HERE Technologies

Targa Telematics & Europ Assistance Italia³

In November 2023, Targa announced it would assist Europ Assistance Italia in modernizing its roadside assistance procedures. As part of the Generali Group, this organization handles up to 4,000 roadside assistance interventions daily, peaking at 80,000 monthly during the summers. Through this collaboration, drivers within Europ Assistance's network gain access to a custom mobile application developed by Targa, enabling seamless communication within Europ Assistance's systems and platforms for sharing mission data. Additionally, vehicles affiliated with this organization's partners receive telematics devices with Targa's systems, processing and analyzing collected data to refine intervention management. This integration ensures stakeholders can access real-time information, optimize workflows, and enhance customer service delivery.

"Together with [Targa Telematics], we are constantly working to improve the quality of our services, including through greater digitalization of processes. The collaboration with a partner like Targa Telematics goes precisely in this direction and is strategic because it allows us to strengthen our commitment and offer customers an increasingly punctual, fast, and efficient service."

- Marco Baldoli, Chief Auto Officer, Europ Assistance Italia

The company introduced a corporate mobility-as-a-service platform to diversify its offerings further and cater to evolving market demands, facilitating the seamless integration of corporate fleets with public transportation services. Targa's commitment to customer value is also evident in its provision of open cloud-based solutions that seamlessly integrate with existing infrastructure. The organization's mobility

² "Targa Telematics enhances Smart Mobility and Fleet Management solutions with HERE Technologies." *Targa Telematics*. Press release. 24 January 2024. Web. Accessed 20 March 2024. <https://www.targatelematics.com/en/press-releases/targa-telematics-enhances-smart-mobility-and-fleet-management-solutions-with-here-technologies/>

³ "Targa Telematics digitizes Europ Assistance Italian's roadside assistance." *Targa Telematics*. Press release. 29 November 2023. Web. Accessed 20 March 2024. <https://www.targatelematics.com/en/press-releases/targa-telematics-digitizes-europ-assistance-italias-roadside-assistance/>

solutions boast a wide range of telematics devices customized to address the smart mobility market's requirements. Moreover, its platform simplifies data management, leveraging automotive AI algorithms to clean and normalize data and offer easily selectable and combinable microservices to develop unique mobility services. By building fleet management solutions on top of its digital platform, Targa focuses on asset management and optimization, further enhancing its value proposition.

A Promising Outlook for 2024 and Beyond

Since its inception in 2000, Targa's sterling reputation and customer-centric framework have led to its coveted preferred partner status. Over the years, it added various new customers to its established base. As of 2024, Targa has amassed over 45,000 clients, forged partnerships with more than 100 organizations, and boasts a workforce of 670 professionals across Europe. Setting itself apart from competitors, the company excels in speed and expertise in market deployment. Its product development team delivers tailored solutions within as little as three months, leveraging insights from the industry and collaboration with leading mobility operators across the continent. Moreover, the growing adoption of connected vehicles, coupled with advancements in in-car services, data generation, and safety awareness, has led to increased demand for tailored insurance solutions in Europe. Targa's expertise in technology and understanding of regional needs positions the company as a valuable partner for insurers seeking to implement successful telematics insurance programs.

Targa's growth trajectory is primarily organic, driven by successful customer acquisitions and commercialization efforts. With a clear vision to emerge as a global leader in telematics insurance, the company remains focused on expansion while maintaining a robust presence in its home market of Italy. The company commands over 35% market share for installed insurance telematics devices across Europe; its diverse range of products tailored to different consumer segments positions it as a comprehensive solution provider for all telematics-related insurance needs. Notably, major Italian insurance firms are early adopters of the company's solutions, leveraging the technologies for over a decade, positioning Targa as a pioneer in the European market. While initial uptake was observed among more established insurers, Targa notes a growing adoption trend among new entrants into the Italian insurance landscape, well-positioning the company for future growth.

Conclusion

Technology integration is a critical success factor for the automotive industry. Yet, with many options available, market stakeholders must leverage the most appropriate and best technology-based solutions to optimize their market impact. With its innovative industry-leading telematics portfolio, Targa Telematics (Targa) reduces vehicle maintenance costs, lowers insurance expenses, and improves driver safety. The company stands out from competitors based on its commitment to innovation, creativity, and ability to launch new solutions with far-reaching impact and application. The open mobility platform, end-to-end solutions, and Plexer device suite caters to mobility operators with fleet management, smart mobility, InsurTech, and the IoT. Moreover, the company pairs its technology focus with customer-centric values, thus earning a solid reputation in the market.

For its strong overall performance, Targa Telematics is recognized with Frost & Sullivan's 2024 European Enabling Technology Leadership Award in the telematics insurance industry.

What You Need to Know about the Enabling Technology Leadership Recognition

Frost & Sullivan's Enabling Technology Leadership Award recognizes the company that applies its technology in new ways to improve existing products and services and elevate the customer experience.

Best Practices Award Analysis

For the Enabling Technology Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Technology Leverage

Commitment to Innovation: Continuous emerging technology adoption and creation enables new product development and enhances product performance

Commitment to Creativity: Company leverages technology advancements to push the limits of form and function in the pursuit of white space innovation

Stage Gate Efficiency: Technology adoption enhances the stage gate process for launching new products and solutions

Commercialization Success: Company displays a proven track record of taking new technologies to market with a high success rate

Application Diversity: Company develops and/or integrates technology that serves multiple applications and multiple environments

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

