Empowering the European Automotive Ecosystem: A Call for Regulatory Action

The European automotive and mobility ecosystem is at a critical juncture, requiring immediate regulatory intervention to ensure fair access to vehicle data, functions, and resources.

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In a nutshell

Unlocking untapped potential: Over the past 10-15 years, European independent automotive and mobility service providers have made significant investments in retrofit solutions to access vehicle-generated data, driving innovation and deployment. However, this represents only a fraction of the potential as connected and software-defined vehicles (SDVs) become mainstream. Market forecasts often cite data access restrictions as a major barrier to growth and innovation.

Unfulfilled European promise: Equitable access to vehicle-generated data, functions, and resources is essential for digital services that can transform vehicle repair and maintenance, safety, fleet management, new mobility services, insurance, in-vehicle entertainment, and many more. The absence of this development impacts consumer welfare, SME growth opportunities, and job creation.

Systemic barrier to competition: Vehicle manufacturers enjoy a privileged position as gatekeepers to vehicle data. They assert data ownership rights not conferred by EU law, while controlling data access through vehicle design.

Shortcomings of the Data Act: The Data Act establishes important new data-sharing principles in Europe but falls short in addressing the fundamental competition issue originating from vehicle manufacturers' gatekeeper position regarding access to vehicle data.

The solution: Europe needs a regulated data access framework for vehicles, providing equal access to data for all market players that can unlock investments in both traditional and innovative services. A recent study showed that the absence of such regulation will result in significant potential annual losses of €26 billion by 2030 and of €95 billion by 2050 for the independent automotive aftermarket.[1] Cybersecure access can be managed while building on vehicle manufacturers' cybersecurity levels & implementation.

Time is of the essence: Vehicle technology is evolving rapidly, with SDV platforms becoming fundamental in the transition to EVs and autonomous driving. This paradigm shift is driving the increased integration of hyperscale platforms, aligning with the strategic choices of an expanding number of vehicle manufacturers. The European Commission must act swiftly to establish new regulations tailored to the European automotive landscape. Without proactive regulatory intervention, the standards set by global players, whether they be Silicon Valley giants or emerging market disruptors, will inevitably become the *de facto* norms in Europe. Implementing comprehensive regulations at this juncture, while SDV platforms are still in the process of maturation, will enable the efficient incorporation of specified requirements and ensure the long-term success and competitiveness of the European automotive sector.

Our call

The urgency of the situation cannot be overstated. Immediate regulatory action is imperative to unlock the European automotive data ecosystem, fostering competition, innovation, consumer choice, and affordability. We call on the European Commission to act decisively and propose sector-specific legislation on access to in-vehicle data, functions, and resources by the end of this year.

[1] THE AUTOMOTIVE DIGITAL TRANSFORMATION AND THE ECONOMIC IMPACTS OF LIMITED DATA ACCESS (2023), QUANTALYSE and Schönenberger Advisory Services for FIA Region I, page 8.

In more detail

1. The European market of vehicle-generated data services: vibrant competition and innovation, or dominance and retreat in a global race?

There are currently around 56 million connected vehicles on Europe's roads. By 2030, this number will exceed 115 million. Vehicle manufacturers intend to leverage connectivity in view of developing their own services to consumers.

In a well-functioning Digital Single Market, all operators should have equal opportunities to develop their own services. However, the lack of regulation still allows vehicle manufacturers to use their privileged position of data gatekeepers against competitors, by withholding vehicle data access to independent service providers who are then unable to develop their own services.

Without a level-playing field for all market players, Europe cannot win the global race for data-driven automotive and mobility services. Imposing unwarranted technological restrictions on the data generated by vehicles will extinguish any faint hope of competition from smaller European operators to the sole benefit of a few big corporations.

2. Countering the threat of Hyperscalers as they increasingly integrate with vehicle systems

Vehicle manufacturers are increasingly partnering with data hyperscalers (also known as the "GAFAs") to develop new software-defined vehicles and services in Europe. These hyperscalers are present at every level of the vehicle, from operating systems and software to apps and voice assistance. Together, they could capture the biggest share of tomorrow's automotive data stream. Regulatory inaction will inevitably result in a data monopoly and captive European consumers.

The Digital Markets Act (DMA) represents a significant step in addressing the challenges posed by hyperscale platforms as gatekeepers of essential core platform services. Nevertheless, it is important to note that vehicles do not fall within the current scope of the DMA. Urgent intervention is required from the Commission to proactively manage competition risks and rectify regulatory gaps. Furthermore, it is vital to uphold and nurture European leadership in technical standardisation, such as for data formats and software interfaces. We must ensure that proprietary standards originating in Silicon Valley or other regions are not the sole available option.

3. Enabling vehicle-generated data to properly support the green transition of the automotive and mobility sectors

The automotive aftermarket and mobility sector can make a significant contribution to the green transition. More sustainable mobility services are being developed by independent operators, such as optimised repair and maintenance of vehicles, predictive maintenance, driver coaching, maintenance-as-a-service, mobility-as-a-service, and pay-how-you-drive insurances. Such services contribute to the sustainability of the mobility sector but can only be developed if operators have continued access to the data generated by vehicles.

4. The Data Act alone is not enough

The Data Act is a horizontal legislation, and it lacks the nuance needed to address systemic competition issues that are unique to specific sectors. Furthermore, its scope is limited to data *access* alone. Numerous automotive use-cases also depend on access to vehicle functions and resources, which fall outside the purview of the Data Act. Therefore, sector-specific rules are essential to supplement and apply the overarching principles of the Data Act within the automotive sector.

5. Cybersecurity as a contrived excuse for denying access

Cybersecurity related risks are frequently cited as an excuse for not enabling access to vehicle data, functions, and resources, which is unjustified. Independent operators are fully committed to providing secure solutions and building on the cybersecurity implementations of vehicle manufacturers. A regulatory regime which mandates non-discriminatory access to legitimate market players will result in more robust cybersecurity for all, as vehicle manufacturers will need to ensure their cybersecurity

management systems and security implementations are designed with user access rights in mind. Security through obscurity will not be sufficient for modern connected vehicle ecosystem development.

6. **Rules are needed for the effective transition from the legacy retrofit devices to modern over-the-air solutions**

For more than 30 years, the OBD port (On Board Diagnostic) has been used to provide data access to the vehicle, enabling the development of the first data-based automotive services. However, the initial investment costs and operational complexities linked to such devices have constrained the range of use-cases and hindered the scalability of business models. With the growing interconnectedness of vehicles, harnessing their over-the-air (OTA) interfaces and in-vehicle application platforms opens the door to a new era of automotive and mobility services.

In the absence of proactive EU regulatory measures, independent service providers face the imminent risk of losing access to critical vehicle datasets or being subjected to access conditions dictated solely by vehicle manufacturers. This scenario could result in a monopoly, potentially signalling the demise of independent and affordable services for consumers. In such a scenario, consumers would have no viable alternatives beyond the services originally offered by the vehicle manufacturer. To avert this situation, it is imperative to implement sector-specific legislation that guarantees independent service providers an economically and technologically feasible means of accessing vehicle data, functions, and resources.