

Car Data

Will mergers help speed up data monetization?

10-minute Insight

There is speculation in the press that Wejo and Otonomo may be considering a merger. This follows a turbulent year since each went public, as both have faced sluggish growth (given the promises made) and unsustainably high costs (given the tightening markets).

Despite facing challenges, these companies are leading their field and are finding ways to pivot beyond 'selling data' towards becoming analytics players.

In this insight we explore whether a potential merger of two pioneers within the car data sharing eco-system would help accelerate the growth of a challenging market.

Target audience

Strategy Procurement

Marketing Product Planning

Focus market(s)

Global



wejotonomo?

What is happening?

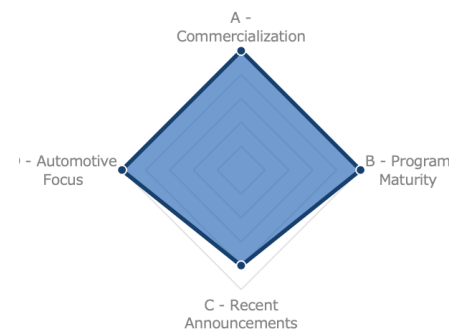
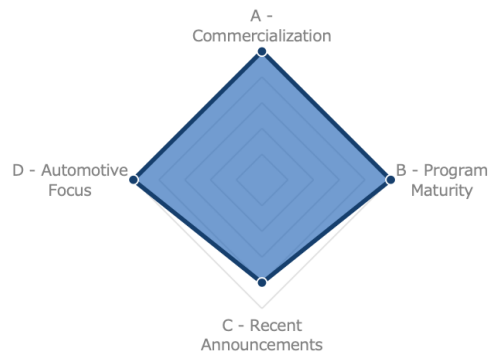


A marriage of necessity?

wejo + otonomo

Founded	2014	2015
Employees	290	270
Headquarter	UK	Israel
Pre-IPO funding	\$376.9m	\$231.5m
Stock price	\$0.99 (-89.90% since IPO)	\$0.38 (-93.88% since IPO)
Revenue ('21)	\$2.6m	\$1.7m
EBITDA ('21)	-\$68m	-\$35m
Major OEM Clients	Mercedes-Benz gm HYUNDAI STELLANTIS	BMW GROUP Mercedes-Benz RENAULT NISSAN MITSUBISHI STELLANTIS VOLKSWAGEN
Major Data clients	waycare TRAFFICAST bliq	GREENROAD waycare Fleetonomy Greater Than

SBD Rating

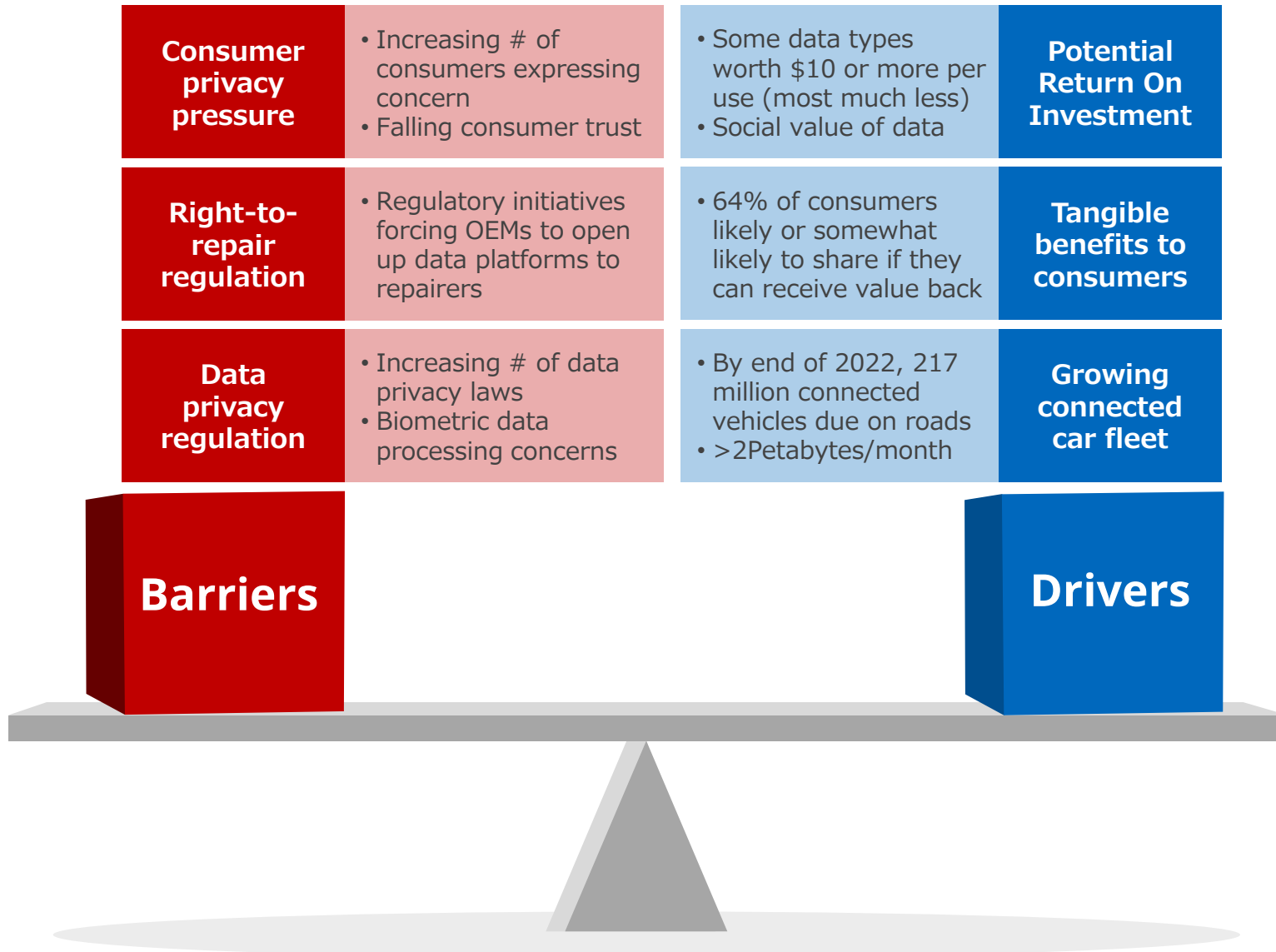


Key takeaway

The [Israeli press](#) has reported on a potential merger between Wejo and Otonomo.

- Both companies went public via SPACs in 2021, with a combined valuation of \$2.2Bln, but both have since struggled to grow revenues as fast as investors hoped.
- Both companies have lost around 90% of their stock value since going public, despite signing various agreements with OEMs to commercialize their data.
- Despite ranking highest in SBD's [Connected Car Data report](#), lack of consistency and granularity in their data source has made it harder for Wejo and Otonomo to commercialise new use cases, which in turn has limited revenue potential.
- Given how much they are each investing, a merger could allow them to reduce some of their costs – but would it help accelerate revenues?

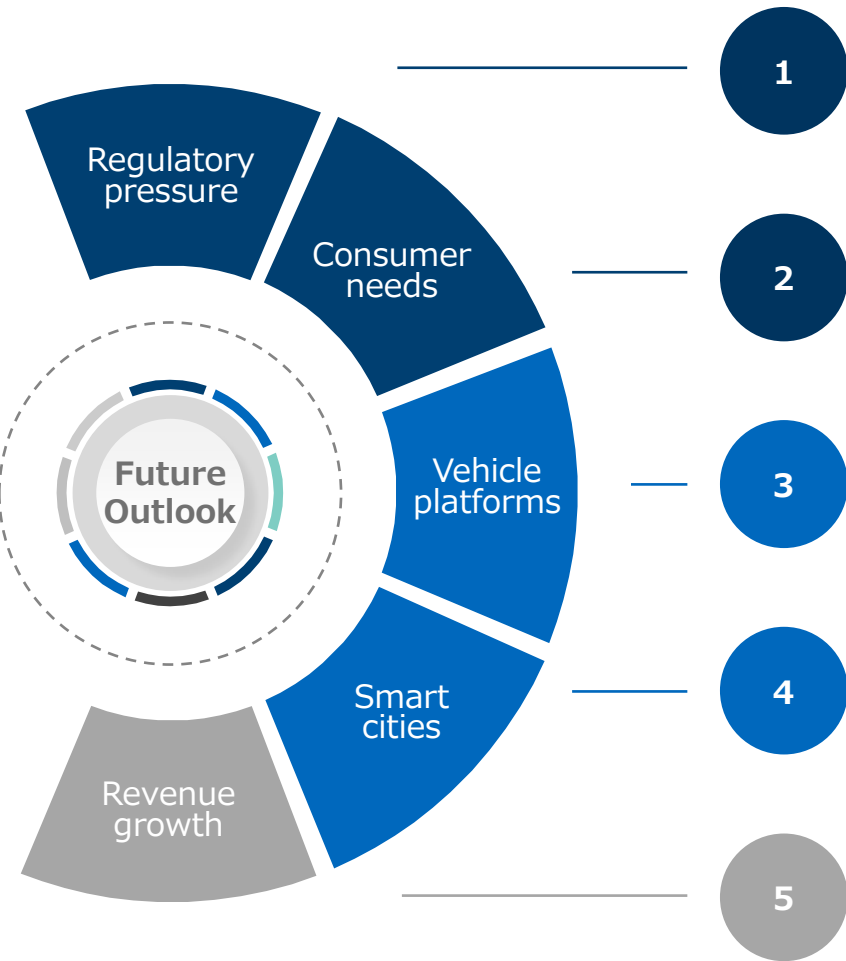
Why does it matter?



Key takeaway

Data monetization has proven much harder to scale in practice compared to what [management consultancies](#) over-promised 4-5 years ago.

- While there are tangible benefits to be derived from the growing volume of connected cars ([SBD](#) tracks 45 use cases worth anywhere from \$10 to \$0 per car per year), regulatory pressure and consumer concerns have held back many of the use cases from wide adoption.
- Additionally, new types of regulation aimed at opening up vehicle data to repairers (“Right to repair” laws) threaten to disrupt existing data sharing models. Liberating data from legacy vehicle architectures has also proven difficult for many OEMs.
- Against this backdrop, the likelihood of a short-term inflection in revenues for vehicle data remains slim, regardless of whether Wejo & Otonomo merge.



1 The European Data Act will come into effect in 2025 creating a paradigm shift in ownership of data. Similar legislation is likely to emerge in USA aimed at data protection & portability.

2 Consumers are beginning to demand portable digital profiles that follow them across all their devices.

3 New platforms will feature more centralized electrical architectures that enable greater interaction between vehicle systems – and more data sharing

4 Smart city and mobility services will grow across a broader geography, creating new use cases and demands for vehicle data.

5 Data Platform providers will eventually serve as a critical link between automakers, mobility services and government bodies.

Key takeaway

Regulatory and consumer pressure are likely to dampen short-term growth of car data sharing, although the longer-term outlook is more positive.

- A key turning point for car data monetization will come with new Software-defined vehicle platforms that allow car makers to ‘turn on/off’ data taps in a more agile manner.
- This is likely to fix the supply-side bottleneck, although OEMs are likely to continue cherry-picking use cases they want to monetize internally – something that won’t change regardless of eco-system M&A.
- Longer-term (by 2030), the growth of smart city and mobility services will create an opening for 3rd party data platform providers and marketplaces, particularly as they begin to overlay deeper insights and analytics over the raw data. The big question is which data marketplaces will survive that long.

Who to watch out for?



Data Marketplace	OEM Partners
No relationship	

Key takeaway

There are over 20 data marketplaces and platform providers currently operating within the automotive industry.

- These are broadly organized between generalists targeting a range of use cases (e.g. Wejo/Otonomo), and specialists focusing on a narrow subset (e.g. LexisNexis for usge-based insurance).
- All ultimately face a similar challenge of building a consistent and granular set of data, along with the permission from OEMs to leverage that data for a range of use cases.
- A merger between Wejo and Otonomo will not make these challenges disappear, but it could help them ride out a few difficult years ahead and place them in a stronger position once data sharing becomes more commercially lucrative. In that sense a merger would be less about maximizing short-term gain, and more about outlasting competitors.

How should you react?



1

Governance

Regardless of whether OEMs partner or in-source data commercialization, ensure the connected car data teams start with a robust and exec-approved governance model. The teams also need control over key levers (e.g. dev budget) and clear/transparent KPIs to help them test innovate new use cases.

2

Readiness

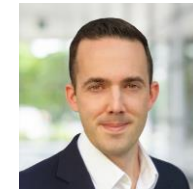
While the growth in data use cases has been slow, longer-term demand will eventually materialise. OEMs will therefore need to equip vehicles with the capability to dynamically alter data collection profiles via OTA so that (with consent) new use cases can be served.

3

Engagement

Fear should not stand in the way of innovation. Regulatory and consumer pressure are only a threat if OEMs hide behind T&Cs and fail to develop a consumer-first data engagement/usage strategy. If data sharing genuinely serves the user better, trust will follow.

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Most of our work is helping clients go deeper into new challenges and opportunities through custom projects. If you would like to discuss recent projects we've completed relating to **Vehicle Data**, please [contact us](#).