



2018 North American Automobile Repair Software Solutions
Customer Value Leadership Award



2018
BEST PRACTICES
AWARDS

Contents

Background and Company Performance	3
<i>Industry Challenges</i>	3
<i>Conclusion</i>	7
Significance of Customer Value Leadership	8
Understanding Customer Value Leadership	8
<i>Key Benchmarking Criteria</i>	9
Best Practices Award Analysis for Mitchell 1	9
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices.....	12
The Intersection between 360-Degree Research and Best Practices Awards.....	13
<i>Research Methodology</i>	13
About Frost & Sullivan	13

Background and Company Performance

Industry Challenges

As vehicles become more advanced, shorter technology life cycles make it harder for service technicians to stay up to date. This often leads to misdiagnosis, faulty repairs, and additional downtime that cost both time and money. To put it simply: today's complex, computerized engines are baffling auto service professionals.

Independent aftermarket repair shops do not have the same access to the latest product functionality, diagnostics and repair-related information as their original equipment manufacturer (OEM) counterparts. To address this gap in the aftermarket, a few market participants are selling software solutions that include repair and diagnostics-related information for all makes and models of vehicles. The current problem is that repair shops might be skeptical about investing in expensive software that can have a lower return on investment.

Vehicle-Generated Data/Data Sharing

Various types of vehicle-generated data can be used to improve the driving experience, increase driver comfort, optimize products, and contribute to societal goals such as improving road safety and reducing fuel consumption. With more than 200 data points in a connected vehicle today, more than 140 viable use cases have been created, but a debate has ignited over data sharing.

OEMs are not known for embracing the open source concept. Tesla still guards the driving data that powers its Autopilot autonomy features and is gathered from the Tesla vehicle fleet. If the car is leased or financed, there is an argument about whether the driver or the OEM (the creator of the technology) owns the information. Doubts also exist over the business models for generated data: does the repair shop pay the OEM for data, and does the OEM pay the end consumer for usage information? US-based OEMs fought strongly against "right to repair" (R2R) legislation using the argument of intellectual property as a focal point. They believe R2R would enable the independent aftermarket to steal OEMs' intellectual property. As per R2R, starting with the 2018 model year, automakers will have to offer a nonproprietary interface for diagnosing problems with vehicles. The biggest complaint that dealers hear is about technicians being unable to diagnose a faulty system reset or update. The challenge for the auto industry now is that it has to prepare for the market of the future while serving the customers of today.

Ever-Changing Industry with New Technologies Still at a Nascent Stage

The entrance of non-auto companies—particularly Silicon Valley-based tech companies—in the vehicle diagnostics and autonomous tech space has created a new realm of competition. Despite the introduction of tablets and mobile devices, the adoption rates for these are still very low: only 2 to 4%, with the average customer 10 years behind the industry technologically. Online retailers such as Amazon and eBay have started to

provide product catalogs and repair manuals for free. Security and privacy of the enormous amount of data that will be generated in the years to come will prove to be a test for the industry, as will legislation and data-sharing agreements between OEMs, dealerships, and aftermarket players.

Customer Impact and Business Impact

Customer Ownership Experience

With 100 years of experience in providing repair information that simplifies everyday tasks for automotive professionals, Mitchell 1 has developed a suite of products that help independent vehicle repair shop owners work more efficiently from the moment the customer drives up to the final invoice and beyond. Its three major product categories—repair information, shop management, and shop marketing—help repair shops improve efficiency so they can not only fix more cars but also grow their profits. With autonomous technologies and telematics taking center stage in the automotive industry, Mitchell 1 has partnered with telematics providers to allow customers to connect to any Mitchell 1 repair shop free of charge.

ProDemand®, Mitchell 1's automotive repair information software, delivers complete OEM service information and exclusive real-world knowledge together in a single lookup. The 1Search™ Plus advanced search engine presents information in a unique graphical layout aligned with a technician's diagnostic process, putting all the needed data just a click away. Real Fixes provide diagnostic solutions based on genuine repairs and experiences from expert technicians, to give insight into the most common repair issues for the vehicle being serviced. Because Mitchell 1 licenses data from OEMs, it empowers the independent aftermarket to effectively accumulate data to help in diagnosis and problem-solving without having to depend on legislative compliance by OEMs. Its up-to-date vehicle data and scalable wiring diagrams with consistent formatting across all OEMs are designed to be future-proof.

Mitchell 1's Manager™ SE shop management software is a powerful point of sale system that enables users to connect to accounting programs that maintain shop inventory accounts, giving a clear indication of a shop's working capital. The system also provides seamless payment processing via XCharge and 1stMILE in the Manager SE system, making it an ideal one-stop solution. The Mitchell 1 shop management system connects with part suppliers and helps transfer parts and prices from the supplier Web site into a repair order. It also facilitates integration with Snap-on diagnostics software, color-coded wiring diagrams, and factory information. Customers find the comprehensive database of vehicles and dealer part lists useful for part pricing.

Customer Service Experience

Mitchell 1 offers a variety of customer support options to its customers, including a toll-free phone line, an online Get2Know training and support website, free one-on-one live

product training and in-product videos and guided assistance. The technical support and customer care team answer most calls in 30 seconds or less.

Mitchell 1's clients, including Moore's Auto Care Center and Next Level Transmission and Auto Repair, have praised its technicians and customer service—especially for their responses to customer queries.

Frost & Sullivan has observed that Mitchell 1 responds to customer queries promptly on software review and feedback Web sites such as Capterra.

Mitchell 1's MyRep feature immediately connects clients in the United States and Canada to a sales consultant based on their ZIP code for assistance with license renewals and other queries. A client service team provides support with product content, technical concerns, customer accounts, and social customer relationship management (localized targeted marketing, reputation management, social media, and customer communication) to help clients generate positive online reviews to attract new customers.

Customer Purchase Experience

Customers have several options for purchasing Mitchell 1 products. The Mitchell 1 website offers a secure e-commerce option for most products, but customers may also contact the company by phone or email, or purchase through their local independent Mitchell 1 sales representative. Mitchell 1 attends industry trade shows and provides discounts when a customer purchases a new Mitchell 1 subscription (or adds to or upgrades an existing one) at a show. The online Get2Know customer training and support center provides information about Mitchell 1 products and allows customers to schedule live training and request assistance from product support. A Product Knowledgebase provides technical support articles, how-to information, and the latest product update announcements. Mitchell 1 product and industry experts provide insights and helpful tips and tricks in the company's ShopConnection blog.

Price/Performance Value

Mitchell's ProDemand comes in at a relatively lower price point than its competitors' since its products are often bundled together. ProDemand is also credited for having more information on European vehicles and providing a better app user experience than Mitchell 1's competitors. The 100-year-old company has more experience in the business and a larger database of repair information — both OEM and real-world — than its competitors.

By returning relevant content with a single search, ProDemand quickly gives technicians everything they need to complete the job, allowing them to effortlessly navigate through technical service bulletins, specifications, procedures, and wiring diagrams. A Top 10 Repairs list delivers a quick view of the most common components, codes, symptoms and lookups for the selected vehicle.

The company has a repository of over 590 million repair orders generating 500 TB of data

that is then fed into its machine learning/artificial intelligence system to find solutions to vehicle problems based on millions of cases and to predict mileages at which components fail. Customers appreciate the organization of information on ProDemand's UX. Mitchell 1 has a data security team that maintains access to classified information and keeps personally identifiable information out of the public realm. It also uses location data to prevent misuse of customer accounts and does due diligence to flag suspicious activity.

The SocialCRM shop marketing service provides a comprehensive approach to business development and offers personalized support with an expert marketing agent assigned to each shop client. With SocialCRM, auto repair shops can take their marketing efforts to the next level with very little effort. The service includes verified consumer reviews, powerful customer engagement tools, automated word-of-mouth campaigns and targeted consumer communications. Integration with Manager SE delivers instant access to exclusive industry reporting that projects monthly outcomes, and immediate notification when new reviews arrive, giving shops the ability to respond to issues — or to say thank you — in almost real-time. The LocalSearch feature offers a search-optimized website, along with phone call tracking services and helpful online reviews to add new customers and increase online visibility.

Growth Potential and Customer Acquisition

Reed Service Manuals were first published in 1918 by Service Engineering Company, a precursor to Mitchell 1. In 1946, Glenn Mitchell started Mitchell 1 Manuals, pioneering collision estimate guides to feature parts numbers, illustrations, and prices. In 1968, Mitchell 1 acquired National Automotive Service, gaining a collection of service and repair data going back to 1920. The company has adapted to the fiercely dynamic automobile industry and set a benchmark in vehicle diagnostics, repair information, and shop management.

Mitchell 1 has enhanced its ProDemand auto repair information software with the addition of a new plate-to-VIN vehicle selector feature that provides precise vehicle descriptions based on either VIN or license plate number, saving time for technicians and service writers.

Mitchell 1 engages in social media campaigns involving giving away rewards to new customers. It conducts seminars on industry trends and emerging technologies at leading industry conferences, and management workshops that provide intensive training on the Manager SE system and foster networking.

Conclusion

Mitchell 1's user-friendly ProDemand helps technicians find information they want quickly to increase productivity. The electrical diagrams in ProDemand have enabled efficient diagnosis and better solutions. Manager SE makes managing the business more efficient and gives clients a clear understanding of their overall operation— particularly the most profitable areas and those that need to be improved. SocialCRM helps clients connect with customers with minimal effort, receive positive feedback, and attract new customers.

Mitchell 1 brings a unique historical perspective, unparalleled industry expertise, and a dedication to innovation to the thousands of technicians and shops it serves, to help them gain efficiency in everything they do.

The primary job of Mitchell 1 will continue to be to develop innovative software and services to help repair shops be successful and maintain competitive advantage in an ever-changing industry. Frost & Sullivan believes that Mitchell 1 can introduce the benefits of using end-to-end integrated solutions to maximize shop efficiency and increase growth and profits for the long term.

With its strong overall performance, Mitchell 1 has earned Frost & Sullivan's 2018 Customer Value Leadership Award.

Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. Delighting customers is, therefore, the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: Customer Impact and Business Impact. These two sides work together to make customers feel valued and confident in their products' quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime of customer value.

Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

Customer Impact

- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Business Impact

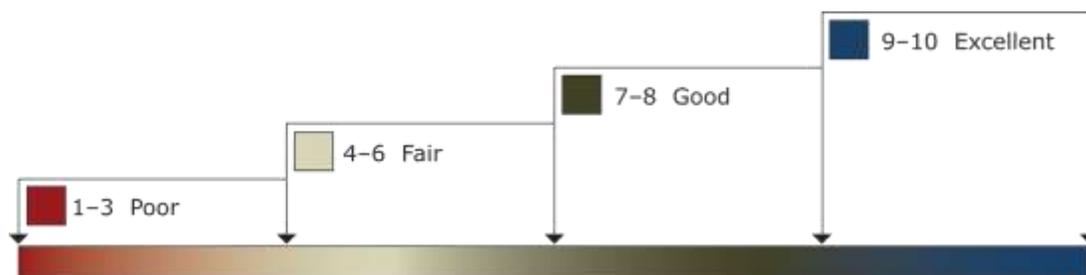
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

Best Practices Award Analysis for Mitchell 1

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Customer Value Leadership	Customer Impact	Business Impact	Average Rating
Mitchell 1	9	8	8.5
Competitor 2	7	7	7.0
Competitor 3	8	7	7.5

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Business Impact

Criterion 1: Financial Performance

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition

Requirement: Customer-facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

Requirements: Customer focus strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

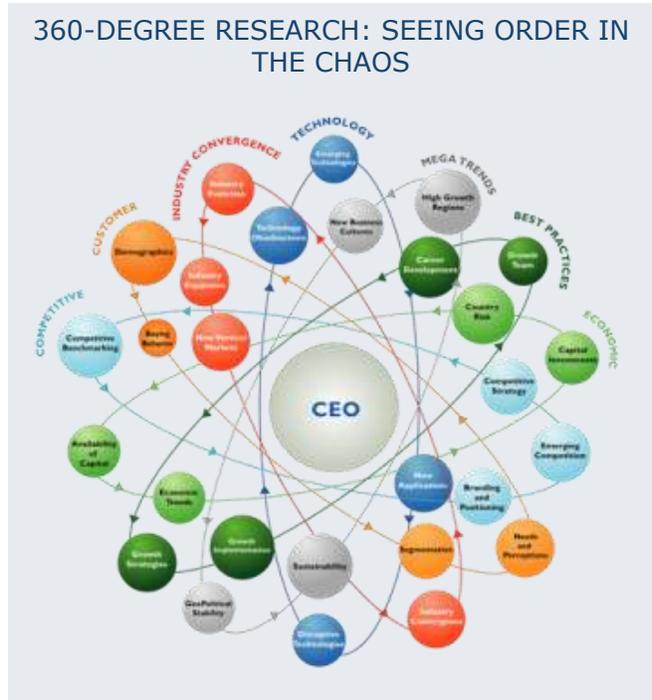
Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates 	Matrix positioning of all candidates' performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> • Share findings • Strengthen cases for candidate eligibility • Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> • Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> • Perform final performance benchmarking activities • Write nominations • Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> • Present Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> • Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.