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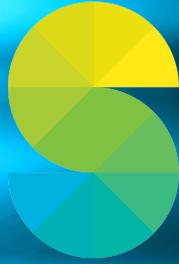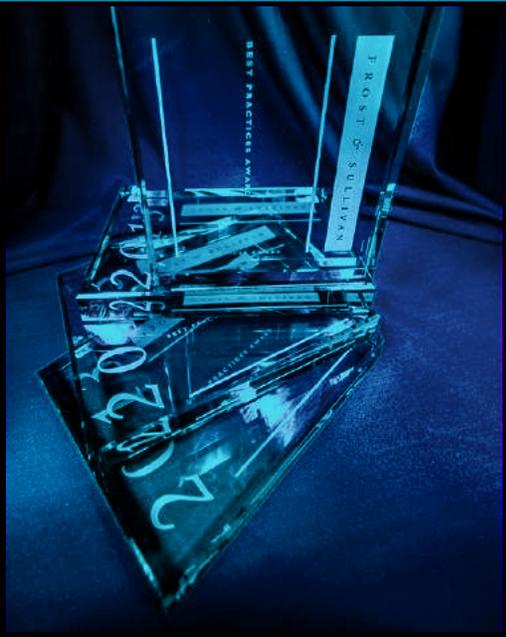
sharoo.com
MEIN AUTO IST DEIN AUTO

2016 European P2P Carsharing
Price/Performance Value Leadership Award

FROST & SULLIVAN

2016

BEST PRACTICES AWARD

EUROPEAN P2P CARSHARING
PRICE/PERFORMANCE VALUE LEADERSHIP AWARD

2016

BEST PRACTICES

AWARDS

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Numerous online platforms and mobile applications in Europe help users access different methods of transportation in most urban areas. One of the key services that have experienced significant growth since 2011 is carsharing. Carsharing, which was initially launched as a service to accommodate short trips with a minimal duration when compared to vehicle rentals, has given rise to a number of different business models to suit the needs of both corporate and individual clients. While the traditional carsharing service offers hourly and daily rentals with a 40% reduction compared to rental services, Peer–to–Peer (P2P) carsharing allows private vehicle owners to rent out their cars at an affordable price and produces significant earnings for them. An abundance of online connectivity, smartphone penetration, and environmental issues have made P2P carsharing exponentially popular since 2011. Currently, there are over 30 P2P carsharing operators (CSOs) in Europe with approximately 1.4 million registered users. Vehicle ownership and reduced cost on daily commutes have driven growth for P2P carsharing.

However, there are still a few factors that are encumbering the growth of today's P2P carsharing space. For instance, legal regulations, state insurance laws, and increasing insurance costs have pushed market participants to seek funding from venture capital firms. In many cases, carsharing service providers do not allow young adults (from 18 years to 24 years old) and drivers with a poor driving history to use their services primarily due to insurance restrictions. In some cases, the vehicles are equipped with telematics devices to provide vehicle renters with remote access through a smartcard. However, this technology is not applicable to all vehicles registered with the P2P CSO, as it requires the vehicle model to support the hardware. Although vehicles shared in the P2P platform are older than those in traditional carsharing fleets, P2P carsharing offers a greater selection of vehicle types, locations, and rental prices.

Price/Performance Attributes and Customer Impact

Functionality

The primary targets of a P2P CSO are vehicles that are idle for 90% of their lifetime. Unlike traditional carsharing and car renting business models, the member to vehicle ratio in P2P carsharing is reduced by 70%, which increases vehicle availability and also reduces rental costs. However, one of the major challenges faced by the vehicle owners while sharing their car through a P2P CSO platform is the ability to physically

sharoo Box

hand over the keys to a driver or a renter. sharoo[1] addresses this challenge by providing a keyless entry system (developed in-house), called the sharoo Box, to enable access to drivers even when the vehicle owner is unavailable. With the sharoo Box, the vehicle can be locked/unlocked using a smartphone via Bluetooth. The company's mobile platform handles all booking processes and generates an invoice that can be viewed through sharoo AG's platform, offering enhanced functionality to serve a wide range of operations.

Best Practices Example: Unlike most P2P CSO's, sharoo AG caters both individual and corporate clients with its flexible operating system. As the keyless carsharing service reduces administrative burden, companies and businesses find it much more convenient to rent vehicles for their employees compared to that of competing carsharing/rental companies. In addition, companies and organizations relay on the sharoo platform and technology to efficently manage and operate their own poolcars.

Customer Testimonials[2]

Hans-Jörg Dohrmann, CEO m-way

(English) The solution that sharoo provides matches our profile exactly and it satisfies all of our needs. It is hassle free with significantly reduced administrative burden, enabling us to optimize the utilization of our fleet. Our emplyees have instant and ubiquitous access to our cars. They organize themselves – and they even have fun doing it.

(German) sharoo ist die Carsharing-Lösung, die zu unserem eigenen Profil passt und m-way genau das gibt, was wir benötigen. Nahezu ohne administrativen Aufwand lasten wir unsere Dienstfahrzeuge effizient aus. Die Mitarbeitenden haben über sharoo einfach und zeitlich unabhängig Zugriff auf die Autos. Sie organisieren sich selbst – und haben sogar Spass daran.

Ivo Brügger, Head of Mobility Services

(English) With sharoo, we found a partner that perfectly meets our needs as a business customer. Our carsharing project that we offer to the public as a energy provider is individually tailored, transparent and fair. It is the perfect platform to support the use of electric powered vehicles among the population in our town. The price-performance ratio is exceptional.

(German) Mit sharoo haben wir einen Partner gefunden, der optimal auf unsere Wünsche als Geschäftskunde eingeht. Unser Sharing Package ist individuell, transparent, fair. Und die ideale Plattform, um als städtisches Energieversorgungsunternehmen der Bevölkerung Elektromobilität zu einem hervorragenden Preis-/Leistungsverhältnis näher zu bringen.

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[1] sharoo AG was launched in 2013 as a spin-off of m-way. m-way itself was founded as a think tank dedicated to new forms of mobility by the Migros Group.
[2] Customer Testimonials sourced from: https://sharoo.com/corporate-carsharing/

Ease of Use

Even though carsharing is intended to augment the convenience of renting while also increasing the efficient use of vehicles, there are a few factors which obstruct operation, especially when a keyless entry system and a network-based application are involved. sharoo AG's access kit resolves issues such as connectivity and adaptability by offering access, even in underground parking garages with no network reception. Additionally, the company's mobile application supports both Android and iOS platforms. The optimal combination of hardware (sharoo Access Kit) and software has enabled the CSO to fabricate a simple user-friendly system.

Best Practices Example: sharoo Access Kit is manufacturer-independent and it can be installed on almost all cars. The keyless entry system, which can unlock a vehicle through a mobile application, uses Bluetooth, eliminating the need to own a smart card/membership card and making it easier to operate.

Prioritization of Features

Customer acquisition techniques change with technological changes and evolving trends. There is always a need to optimize and upgrade the traditional ways of marketing channels available. Dependency on vehicle owners being higher in P2P carsharing than in traditional carsharing, in addition to amicable interaction with both vehicle owners and renters, become key factors enabling the growth of a P2P carsharing operator. sharoo AG's mobile application supports its customers/renters in case of a vehicle breakdown, eliminating the need to contact the vehicle owner. The operator's business model further minimizes the need for renters to contact vehicle owners during the hire time period by including fuel charges (for 50 kilometers) in the rental price. Additionally, sharoo AG also allows vehicle owners to make their vehicle available for a particular group of members, enabling them to form closed groups as per their location, leading to a circle of trust and security within the community.

Best Practices Example: sharoo AG's partnerships with the largest Swiss retailer Migros, with Mobiliar, one of the leading insurance companies in the country, as well as with the largest CSO in Switzerland, Mobility Carsharing, has helped it increase their membership base and attain significant growth since 2013. The recent partnership with AMAG, the largest car importer in Switzerland, facilitates to grow the company's supply side.

Customer Purchase Experience

sharoo AG's subscription packages for vehicle owners are one of the key factors that have

helped them sustain their position in the market with a growing member base. The company's primary strategy focuses on increasing the number of member registrations by rolling out three different subscription packages:

1. The Easy Subscription package, which does not have a monthly fee but includes a one-time fee of €368 for the sharoo AG access kit and deducts an operator commission of 30% for a contract period of 2 years.

2. The Basic Subscription charges a monthly fee of €18 with a 100% waver on the sharoo AG access kit and a 30% operator commission.

3. The Pro Subscription charges a monthly fee of €45 and also includes €368 for the installation of the access kit. The difference is that it charges only 15% operator commission and allows unlimited number of members to rent the vehicle for free (i.e. without any commission deducted from the rental). This is typically the case for companies that allow their employees to use the poolcars for business purposes without charging the individual employee) while the other two packages only allow a maximum of six.

Best Practices Example: Even though the vehicle owners are required to select one of the subscription packages before renting out their vehicles, they are given the liberty to set the rental cost on their own, based on an hourly, daily and weekly basis.

Customer Service Experience

There is a significant population of people who cannot afford to own a vehicle or simply wish to avoid the burden of ownership, which has been quite helpful for the carsharing industry. sharoo AG not only solves these problems, it offers members the ideal customer experience. First of all, there is no membership fee to rent vehicles. Members solely pay the rental fee and the insureance when they actually book a vehicle. The company creates a sense of trust and understanding between the vehicle owner and the driver as it forms a critical component. Factors such as driver license verification and member profile verification linking them to social media sites helps both parties to avoid any discrepancies before sharing or renting a vehicle.

Best Practices Example: sharoo AG also provides a comprehensive insurance for each vehicle. The insurance premium cost is based on the type of vehicle. This is later included

in the rental value of the vehicle and billed to renter before booking.

Brand Equity

Product acceptance and market recognition have been abundant for sharoo AG. As the company continues to broaden its base, it keeps close tabs on customer feedback to ensure that it meets the highest standards. sharoo AG's customer feedback mechanism employs a rating system along with a comment box where the drivers can rate the owners on the finer details of their experience, including value for the money spent, level of communication, and the accuracy of vehicle details listed. Vehicle owners build up their reputations based on ratings left by the renters. This has helped set proper expectations for users while also enhancing brand loyalty.

<u>Best Practices Example:</u> sharoo AG's partnership with Migrol AG, part of the Migros Group, is one of the major participants in Swiss Energy service market has enabled the CSO to offer a Migrol Private Card to each member. Through this, the vehicle owner/renter can add the incurred fuel costs and also avail a discount of close to € 0.03 per liter.

Conclusion

sharoo AG is helping evolve carsharing through its online platform and its keyless entry access kit, making carsharing and car renting simple, affordable, and headache-free. sharoo AG's strategy to partner with large organisations such as Migros, Swiss Mobilar Insurance, AMAG and Mobility Carsharing has enabled it to constantly address unmet consumer needs and build a sterling brand name in the carsharing industry. Because of its strong overall performance, sharoo AG is recognized with Frost & Sullivan's 2016 Price/Performance Value Leadership Award.

Significance of Price/Performance Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. A key component of customer retention is the delivery of a high-quality product at a reasonable price. To achieve these dual goals (customer engagement and price/performance), an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Price/Performance Value Leadership

Best-in-class organizations are particularly successful in two critical areas: first, helping customers to appreciate and enjoy the product at every price point; and second, ensuring that customers perceive a demonstrable difference in performance features at every escalating price point. Ultimately, this balance allows companies to profitably deliver a variety of product options to customers, differentiate the product suite, and compete at every level of the market.

Key Benchmarking Criteria

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

Price/Performance Attributes

Criterion 1: Functionality
Criterion 2: Ease of Use
Criterion 3: Product/Service Quality
Criterion 4: Performance Reliability
Criterion 5: Prioritization of Features

Customer Impact

Criterion 1: Perceived Value
Criterion 2: Customer Purchase Experience
Criterion 3: Customer Ownership Experience
Criterion 4: Customer Service Experience
Criterion 5: Brand Equity

Best Practice Award Analysis for sharoo AG
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

1–3 Poor
4–6 Fair
7–8 Good
9–10 Excellent
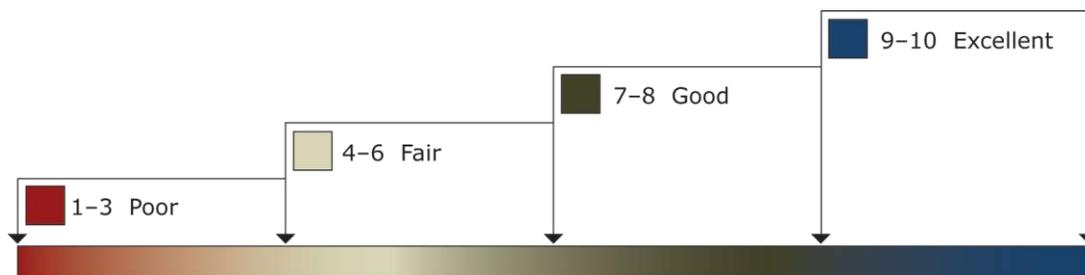
The Decision Support Scorecard is organized by Price/Performance Attributes and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard 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 players as Competitor 2 and Competitor 3.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Price/Performance Value Leadership	Price/Performance Attributes	Customer Impact	**Average Rating**
sharoo AG	**9**	**8**	**9**
Competitor 2	7	8	8
Competitor 3	7	7	7

Price/Performance Attributes

Criterion 1: Functionality
Requirement: The product offers enhanced functionality to serve the broadest range of applications

Criterion 2: Ease of Use
Requirement: Customers typically feel that the products are easy to use to generate optimal performance

Criterion 3: Product/Service Quality
Requirement: Products or services offer the best quality for the price, compared to similar offerings in the market

Criterion 4: Performance Reliability
Requirement: The product consistently meets or exceeds customer expectations for performance over its life cycle

Criterion 5: Prioritization of Features
Requirement: The features that customers most value and expect are most commonly available and most aggressively priced

Customer Impact

Criterion 1: Perceived Value
Requirement: Customers typically feel that they received more from the product or solution than they paid for it

Criterion 2: Customer Purchase Experience
Requirement: Customers feel like 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

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can 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.
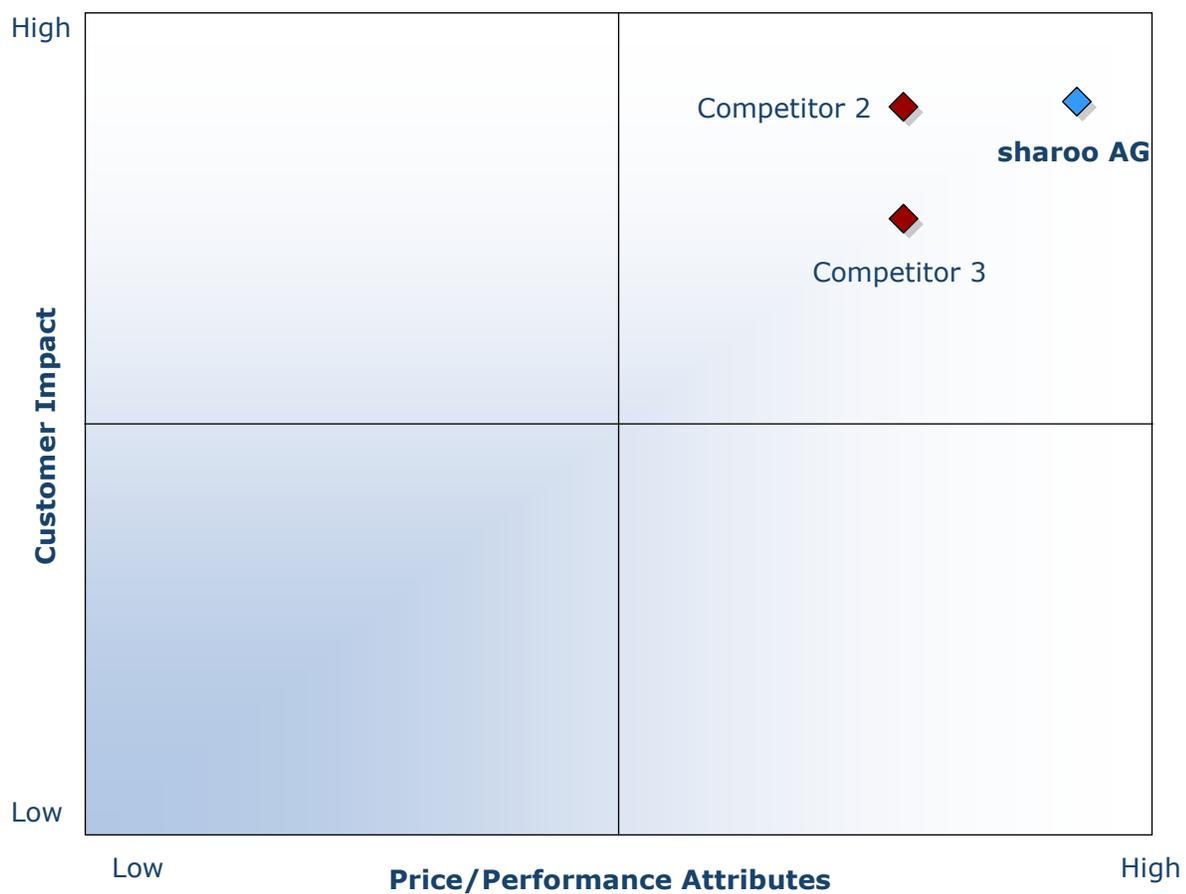
The Intersection between 360-Degree Research and Best Practices Awards

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 players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS

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

Frost & Sullivan Awards 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	• 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	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• 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	• 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	• 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	• 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	• 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	• Review analysis with panel • Build consensus • Select winner	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform award recipient of award recognition	• 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 may share award news with stakeholders and customers	• 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

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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.