

Building Brand Loyalty Through Outstanding Service Support - in the Aftermarket, revisited 2007-

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Abstract for 2007 AAPEX/ASA/EPA Scantool Forum Presentation:

In the fall of 1993, with the introduction of OBDII on the 2004 Camry, Toyota introduced its first scantool, the Toyota Diagnostic Tester (aka Vetronix Mastertech). For 13 years, this Vetronix built workhorse served Toyota and Lexus dealers and thousands of independent repair facilities as one of the most versatile scantools in the Industry.

All good things come to an end, and in the spring of this year, Toyota retired the Diagnostic Tester scantool and introduced a revolutionary new diagnostic system into over 1750 Toyota/Scion/Lexus dealerships in North America. This new system, known as TIS techstream, leverages PC / wireless network technology, a J2534 API and a unique package that integrates diagnostic scantool with service information. TIS techstream provides all of the service support resources you need, in a single appliance, right at the point of repair in your service bay.

Today's Presentation

- Automaker Success – the Important Role You Play
- Importance of Service Support Systems
- Service Support Challenges
- Toyota's Answer - TIS Techstream SSS
- Techstream - Interoperability with TIS
- Purchase/subscription model (today & in the future)
- Vehicle Security Systems support - NASTF SDRM
- Service Support of the Future – a Vision
- Preparing Your Business for the Future
- Partnership Between Automakers and Aftermarket



As an aftermarket service provider, the role you play in helping an automaker maintain and grow market share is more important than most automotive marketing executives understand. So..., in that context, I will briefly cover:

- the Important Role You Play
- The importance of robust Service Support Systems in aftermarket shops today
- The Service Support Challenges that automakers face trying to serve the diverse needs of dealership and aftermarket service providers
- Toyota's Answer to this challenge – the TIS Techstream SSS
- TIS Techstream and its interoperability with the TIS service information system
- Toyota's purchase/subscription model (today & in the future)
- Vehicle Security Systems support – through the emerging NASTF SDRM
- Toyota's vision for Service Support in the Future
- Our view of how you should be preparing Your Business for the Future
- And... the growing importance of a healthy partnership between automakers and the aftermarket and the importance of nurturing this sometimes-fragile relationship.

Automaker Success - the Important Role You Play -

Positive ownership experience is important throughout vehicle lifecycle

Positive owner experiences sell cars

You have the most influence on ownership experience in the later years of vehicle life!

Ownership Lifecycle

Vehicle Design & Production

Dealership Sales and Delivery Experience

Dealership Service & Service Technologies

Customer Trade-In Used Car Purchases

Aftermarket Service Support

Quality Assurance Technical Assistance

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Why do consumers make the automotive purchase decisions they do? While factors like styling and performance are important to many, if you ask them what keeps them coming back for more, consumers almost universally rate Quality, Dependability and Reliability – QDR – as a primary motivator. And..., while product quality and dependability are, to a large degree a function of engineering, as the vehicle ages, they inevitably require maintenance and repair. Automotive engineers have a great deal of influence over QDR in the early stages of the ownership experience, **<click1>** but you have the most influence over the quality of that ownership experience in the later years of the ownership cycle.

Your role in automaker success becomes even more important as the quality gap continues to narrow between automakers. As the competitive playing field becomes more level, automakers have to find new ways to distinguish their products from their competitors. **<click2>** A reputation for a positive lifetime ownership experience is one of the more important distinguishing attributes that can set an automaker apart from its competitors.

<click3> Positive ownership experiences sell cars!

Importance of Service Support Systems - Service Information and Scantools -

- Complex vehicles require more frequent use of service information for diagnostics
- Routine services increasingly require use of scantools
 - Tire & wheel systems
 - Vehicle braking and dynamics controls
 - Wheel alignment
 - Keys and vehicle security
- To ensure adequate service support for customers, automakers must design "transportable" service support systems



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<click1> I don't have to remind anyone in this room about how complex the automobiles are becoming; the technology curve is on a vertical climb.

<click2> As our vehicles become increasingly complex, the need to use factory service information and proprietary diagnostic equipment to support routine services like tire & wheel replacement, wheel alignment and braking system maintenance is becoming increasingly common.

<click3> And..., it goes without saying that diagnosis of nearly every system on the vehicle now requires interaction with the scantool in one way or another. For these reasons, automakers need to place greater focus on designing service support systems that are transportable into the aftermarket.

Challenges Automakers Face Building “Transportable” Service Support

- Automakers benefit from use of the same basic systems to support dealers and aftermarket
- Data convergence – interoperable vehicle and service information - is the next step in service support
- Automakers are challenged to design for dealer and aftermarket data infrastructures beyond their control



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<click1> If automakers expect independent shops to deliver positive ownership experiences , we have to create effective and affordable service support systems for you. To the lay person, this may appear to be a fairly simple matter – it is not!

<click2> Today’s service support is becoming increasingly integrated – vehicle data and service information system data are beginning to converge.

While automakers have a great deal of control over requirements for infrastructures that deliver service support in franchised dealerships,

<click3> we have little or no control over the infrastructures that deliver it to the aftermarket. For example, we have no control over internet connectivity bandwidth, network security requirements or hardware platforms. Further, every service system design has to manage risks to vehicle security systems, customer safety and the threat of malicious tampering. So..., what is Toyota’s next step in diagnostic evolution...?

<click4> a system known as TIS techstream

TIS Techstream Taking Diagnostics to the Next Level

- And, bring service information and diagnostics together, at the point of repair
- TIS Techstream **Product Information**
- For more information, go to **techinfo.toyota.com**



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Introducing TIS techstream – the new paradigm in vehicle diagnostics, an open standards, PC based diagnostic appliance that brings service information, diagnostic information from the vehicle, and automaker back-end systems together, to help you fix it right, at the point of repair. At this point in the presentation, I would like to use a couple of web-based resources to demonstrate our new diagnostic system concept

This demo is available on the techinfo.toyota.com website by following the link to Scantools & Reprogramming

- Techstream (About techstream, techstream capabilities)
- Hardware (cover first two items, skip from laptop/tablet down)
- Vehicle Communication (cover all points)
- User Setup (cover all points)
- Stored Data (cover all points)
- Support & Maintenance (cover all points)

TIS Techstream Vehicle Reprogramming & Updating Software

- Interoperability between the vehicle and the service information network
- TIS **Techstream Demo**



For more information, go to
techinfo.toyota.com

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Now I would like to demonstrate more of Techstream's features, including vehicle reprogramming options you have with, and without Techstream.

Launch the Techstream Demo and go through it in entirety.

Vehicle Reprogramming & Calibration Support New Support Models

- TIS Techstream owners & “professional” level subscribers will access calibrations on TIS

• For more information, go to techinfo.toyota.com



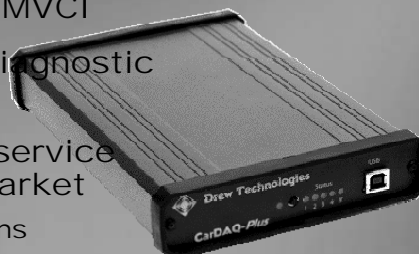
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Go to techinfo website, navigate to Diagnostic page and show how to use calibration lookup.

- Go to library functions and talk to our new search engine
- Go to Diagnostic tab and talk about software subscriptions, downloads and updates
- Go to calibration page and show three ways to search
- Launch a TSB and download a calibration (DIV/model/yr = 2005 Camry, Current CAL ID = 33350000, VDS = KR38E)

Vision for the Future

- Greater standardization of diagnostic interfaces around J2534 and MVCI
- Increasing use of PC based diagnostic software
- Websites become enhanced service support portals to the aftermarket
 - serving up diagnostic applications
 - JIT training
 - technical assistance
- Increasing collaboration between ETI, SAE and automakers on standards based diagnostic hardware



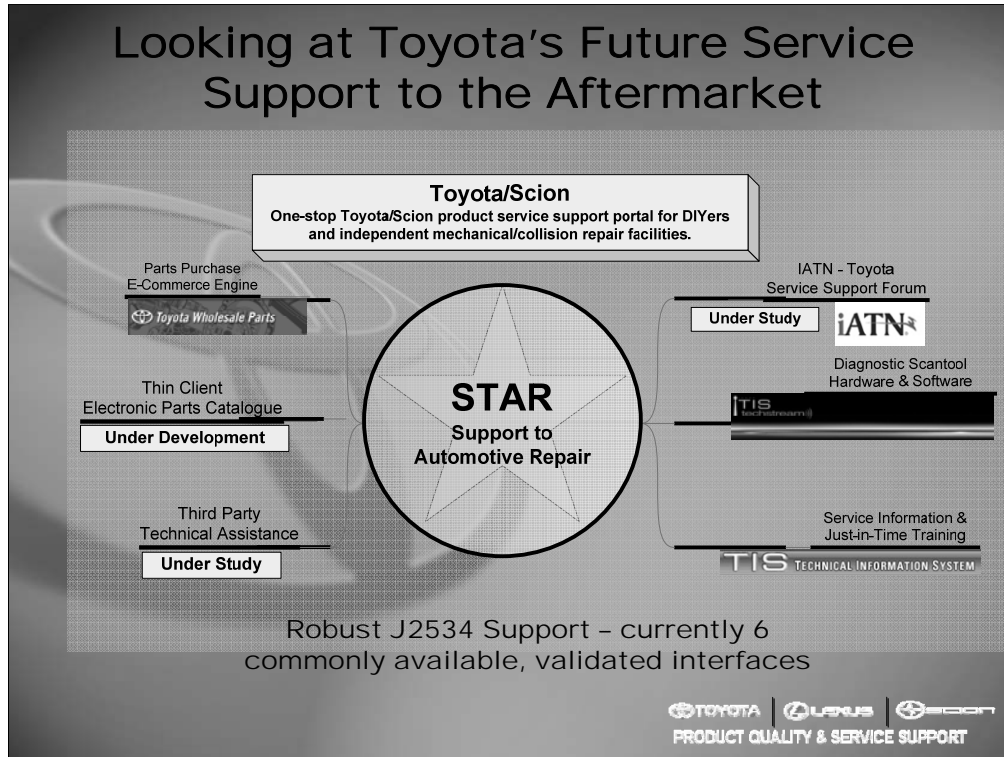
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So let's look a little deeper into that crystal ball... assuming we maintain the cooperative working relationships between automakers and the aftermarket, I see:

- <click1> Movement toward standardizing vehicle diagnostic interfaces and leverage of J2534 and the European equivalent MVCI for most, perhaps all vehicle diagnostics
- <click2> I see more PC based vehicle diagnostic software from automakers - so we can get out of the hardware business and focus on building robust diagnostic software tools for the "even-more-complex" systems that are coming in the future...
- <click3> I see growing use of OEM websites as complete service support portals, providing access not only to service information, but also to subscription based diagnostic software, just in time training resources, and manufacturer specific technical assistance.

Historically, automakers have relied on aftermarket tool and equipment suppliers to create service support systems for the aftermarket..., pretty much on their own. With the complexity of today's vehicles and service support systems, this model is becoming more of a challenge. <click4> More collaboration on standardization in vehicle diagnostic interfaces, movement toward Windows based diagnostic applications and development of diagnostic appliances - capable of supporting all automaker diagnostic systems - offer the best hope in realizing this vision for the future.

Looking at Toyota's Future Service Support to the Aftermarket



At the beginning of this presentation, I told you that you play a big role in Toyota's success in North America. Here are some of the things we are doing, and studying, to better support you..., so you can better support our customers.

- Improved TIS service information website, a better search engine, support for scantool software and calibrations to the web, and more Just-in Time training content,
- **<click1>** TIS techstream provides a resource that emulates the “dealer experience” in your shop, including interoperability with Toyota's back-end systems for access to latest calibration information for vehicles, auto download of cals, and auto launch of the CUW reprogramming utility.
- **<click2>** A new wholesale parts purchasing program through our Support To Automotive Repair program including thin client parts lookup and ordering via our Toyota Wholesale Parts website (linked from TIS)
- And, under study – two exciting new areas that we think will help you do a better job than ever of supporting our mutual customers... **<click3>** an IATN Service Support Forum expressly for Toyota/Scion specialists AND, **<click4>** and a technical assistance hotline to help you fix it right, and fix it fast, the first time.
- **<click5>** and... we also strongly support the evolving J2534 open standard for diagnostic interfaces

Vision Today – Reality Tomorrow? Stretch Goals

- All Toyota/Scion/Lexus diagnostics run through standard J2534-1 interface
- Affordable, short term subscriptions to Techstream diagnostic software
 - Similar to current service information model
 - Help you redefine your business model
 - Make it practical to support our mutual customers with the same service support resources dealers have
- For more information, go to techinfo.toyota.com



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Two years ago, I stood in front of a similar group here at AAPEX and shared Toyota's vision for the future of aftermarket service support. Vision today, reality tomorrow... **<click1>** our goal is to get all of our diagnostics running on Windows PCs through the J2534 interfaces you already use – we are very close to that reality already.

• We also understand the business challenge you face trying to anticipate which expensive software/hardware investments will pay back and those investments that might not have enough traffic to support. It is an impossible situation... and it makes it very difficult for you to be prepared for your customers.

• **<click2>** that is why we are exploring ways to apply the short term subscription concept, a pricing model that works so successfully for service information, to diagnostic software as well.

• I see a day in the future when you will be able to redefine the way you do business and the way you invest in the resources you need to do your job. I see a day when you will be able to run all of the same diagnostics that the dealership runs on common laptop computers through generic interfaces. At Toyota, we are genuinely interested in realizing that vision... and helping you redefine your business model to fit the new service paradigm of the 21st century.

Understanding Your CODB

- Your need to use service information and scantools grows with every passing model year
 - These service support tools add incremental CODB
- Mastering use of these service technologies is instrumental to repair autos of the future
- Recovering incremental costs for these service technologies is instrumental to your future profits
 - Short term website subscriptions should make cost recovery models a fairly simple matter
 - Cooperation between automakers, aftermarket repairers and tool & equipment companies is a positive development

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So..., let's recap, the cars that you service increasingly require you to invest in service information and diagnostic tools if you expect to successfully repair them.

These are escalating costs of doing business that are a result of a nearly vertical technology curve in the automotive industry

<click1> You can expect reliance on service technologies to increase in the future.

<click2> If you expect to stay in business, you will have to master use of these new service support tools ...,

<click3> and you will have to find creative ways to recover these additional costs of doing business.

As independent businesspeople and entrepreneurs, you have successfully dealt with similar technical and financial challenges in the past – while the challenges we collectively face as an Industry appear somewhat daunting today, the cooperative working relationships emerging between aftermarket repairers, automakers and the tool industry bode well for your future.

Preparing Your Business - Service Support in the Future -

WAKE UP!!!

- Get broadband and utilize the resources available on the web – consider building a secure wireless network in your shop
- Use OEM websites as a JIT information resource – buy annual subscriptions if you are a specialty shop
- Understand that service support resources are a necessary CODB – they must be recovered
- Get used to using PCs in the service environment

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So what does this all mean to you? **<click1>** It means that if you don't already clearly understand the dynamics that are making it more difficult to do business today, it is time to WAKE UP!

The industry is changing at an astonishingly fast pace – and if you haven't already, it's time to get on-board and start changing with it. Here are a few suggestions to help get you started:

- **<click2>** First, get yourself a broadband connection to the Internet in your shop and connect it by a secure wireless network to your service area so you can begin taking advantage of the wealth of service support resources available there
- **<click3>** Use your third party and OEM website service information resources regularly – the days of fixing cars without service information are gone.
- **<click4>** Come to grips with the fact that the increasing incremental costs of service information and diagnostic tools are eroding your bottom line – it is time to understand just how much and begin building these costs into your fee structures
- **<click5>** And finally, become accustomed to using PCs in your service environment – a great deal of your service support will be delivered by them in the future



In closing, <click1> I would like to urge you to get involved...

Support the collaborations between automakers, tool manufacturers and the aftermarket

- use the service information resources available to you – you will do a better job and get it done faster...
- don't be bashful about recovering your CODB
- Support your local third party trainer, he (she) will be your best link to OEM training information
- And finally, <click2> become active in NASTF... partner with automakers and your aftermarket colleagues to help identify, prioritize and resolve the remaining gaps in your service support needs

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- in the Aftermarket -

Thank You!
QUESTIONS?

  
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