

JANUARY 2017

# LEVERAGING SMARTPHONE APPS FOR THE AFTERMARKET

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# LEVERAGING SMARTPHONE APPS FOR THE AFTERMARKET

BY TRACY MARTIN | Contributing Editor

Today there are 2.6 billion smartphone users worldwide and this number is projected to increase to 6.1 billion by 2020. In the U.S. there were 62 million smartphone accounts in 2010 and in 2016 that number increased to more than 207 million.

What do smartphones have to do with the automotive aftermarket and OBD-II? You may have heard the saying “There’s an app for that,” and there are many OBD-II related mobile applications.

Searching Google Play, and Apple’s iTunes websites, more than 500 smartphone applications can be found that allow smartphones access to OBD-II data via a dongle (adaptor) plugged into a vehicle’s diagnostic connector. Dongles are available online from \$10 and \$100 and many have Bluetooth or Wi-Fi capabilities to connect with a smartphone.

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## Analysis by market

### REPLACEMENT

**Vendors:** OTC delivering technician training along with professional tools.

### TECHNOLOGY

**Telematics:** CarGenius aims to be a one-stop app in a shifting mobile market.

### INTERNATIONAL

**Vendors:** China’s independent aftermarket to benefit by new auto parts policies.

### TECHNOLOGY

**Logistics:** Warehouse management software evolves due to e-commerce.

## Research

**Program Distribution Group Report:** Check out this original *Aftermarket Business World* research report offering the latest information on program groups.

## NACE Automechanika Chicago

### COMMITMENT TO TRAINING

**Maaco satellite stations at Pep Boys retail stores:** Training-driven professionalism aligns mechanical and body businesses.

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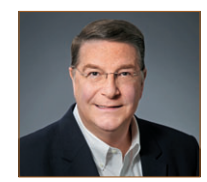
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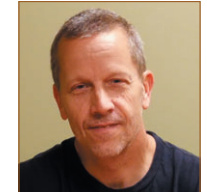
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# Leveraging smartphone apps



More than 500 smartphone apps allow access to OBD-II data via a dongle plugged into a car's connector.



## Smartphone apps

OBD-II related apps are an inexpensive way for vehicle owners to have a fully functional scan tool that as a bonus makes phone calls. Many of these applications do more than simply read and erase trouble codes. They can display real-time data from the car's engine management system, provide instant fuel economy numbers and create custom dashboards with all types of gauges.

With all the OBD-II data available it's no wonder that some of these applications also offer some fun, behind-the-wheel features. Smartphones are equipped with the accelerometers and GPS locating capabilities allowing apps to provide a sophisticated view of a car's performance. Based on the vehicle's weight, horsepower, torque and acceleration can all be calculated and displayed in the form of performance gages or graphs.

For example, vehicle owners who purchased an expensive exhaust system, or high-flow air cleaner can find out if these components actually added the 50 horsepower claimed by

the manufacturer. By running before and after installation performance tests, data displayed on the smartphone's app provides the consumer proof that the aftermarket components worked as advertised, or fell short. Initially, the apps that used OBD-II data mainly focused on scan tool functionality, vehicle performance and fuel mileage.

The Torque and DashCommand apps provide a representation of typical smartphone functionality that uses OBD-II data. Independent app developers have seen the benefits of leveraging smartphone technology for the automotive aftermarket by creating apps that use OBD-II data, GPS location and a cloud-based database to put vehicle owners' in direct contact with aftermarket repair shops.

Apps that are dedicated to vehicle maintenance, repair, and providing technical advice to consumers, are showing up on GooglePlay and Apple's app Store. We'll take a closer look at two of these, RepairLync and ...CONTINUE READING ▢



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# Maaco satellite stations AT PEP BOYS LEVERAGE TRAINING

By **JAMES E. GUYETTE** | News Correspondent

With both enjoying national brand recognition within their targeted segments, two aftermarket operations – one known for paint and body work and the other known for mechanical parts and services – are each gaining marketing momentum by leveraging the professionalism and expertise obtained through their respective lineups of extensive in-house training programs.

In an alliance geared toward setting up a win-win situation for everyone involved, Maaco is nationally rolling out a series of satellite sales and estimating stations, complete with high-tech digital merchandising boards, located inside selected Pep Boys stores.

The Maaco-staffed counters allow collision repair customers to drop off and pick up their vehicles in a high-traffic retail neighborhood atmosphere rather than having to drive to a full-production Maaco shop typically located in an industrial area of town – creating an expanded marketing reach for attracting a more-affluent clientele, especially women.

“Millions of people visit Pep Boys annually; these satellite locations will add to the continued growth of

Maaco and allow us reach a much broader customer base,” says Jose Costa, a divisional president at Driven Brands, Maaco’s parent firm. Costa says that “the partnership with Maaco and Pep Boys is a natural fit and we look forward to maximizing this relationship.”

“This unique opportunity could pave the way for a stronger Maaco system,” says Maaco President Jason Ryan. “The success of this program depends heavily on both companies working together to deliver a positive overall experience to our shared customers, and I’m confident that together we’ll continue to grow.”

“Easy access to Maaco’s services will be a great addition for our customers,” concurs Joe Cirelli, Pep Boys’ senior vice president of real estate and construction. “Maaco has a reputation for quality work, and Pep Boys customers now have a truly full-service automotive maintenance shop for all of their needs.”

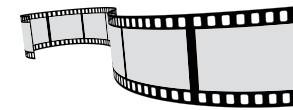
When walking into a Pep Boys store, prospective Maaco clients initially encounter customer-centric Pep Boys employees who have studied under the chain’s slogan of “hire the best, then make them better” educational programs. ...**CONTINUE READING** □

## ASE GUIDES | QUESTION OF THE MONTH

**A connecting rod connects:**

- A. the camshaft and rocker arm**
- B. the crankshaft and distributor**
- C. the crankshaft and output shaft**
- D. the crankshaft and piston**

**Click here to see the answer.**



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# TELEMATICS/CONNECTIVITY

## CarGenius aims to be a one-stop app in a shifting mobile market

BY BRIAN ALBRIGHT  
Correspondent

**A**dam Carolla's CarGenius mobile app for drivers recently became the latest solution to make a play for the burgeoning market for car-related consumer apps.

The app, which has been described as a "digital wallet for your car" by the developers, allows drivers to keep track of factory maintenance schedules, service histories and insurance information for up to six vehicles. Users can set alerts and reminders for service, and have access to promotions and offers from automotive service providers, educational content, and a GPS-based service provider/store locator.

### TRENDS & MARKET Analysis

The solution was developed by the team at Creative Productions, a marketing and advertising agency that has helped numerous automotive brands extend their reach via the Internet and other technology. Deborah Castro, Creative

### Technology Newsmaker

### Q&A

**KALEB SILVER**  
Senior Product Manager  
Hunter Engineering



How are telematics and other new technologies affecting product development in the aftermarket?



What did Silver say? Continue reading online.

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Productions' founder and partner/chief marketing officer for CarGenius, says the app was created to address a common pain point for drivers of older vehicles.

"We've built websites for some large enterprise clients, and of all the features in the website the function that allowed customers to look

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“The mobile app market is following two trajectories in the aftermarket.”

up scheduled vehicle maintenance got the most hits,” Castro says. “We built something that allows drivers to manage maintenance for every make and model vehicle, not just one brand. Consumers can walk into a shop or a quick lube location and know they are getting the right service.”

Carolla came into the project to help provide additional visibility for the app. Carolla hosts a popular automotive podcast called CarCast, and is an avid car collector and race car driver.

The link with Carolla’s brand will come

**FREE WHITEPAPER:** Focus on Telematics – What is in it for you as an automotive aftermarket professional?



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in handy, as CarGenius enters an increasingly crowded field of auto-related apps. There are hundreds of mobile apps related just to auto parts in the Apple iOS app store. The same is true of the Google Play Android store. In the aftermar-

ket, the mobile app market is following two trajectories. There are apps aimed at drivers to help them manage maintenance, track some telematics information, and in some cases to provide a way to find or set up appointments with service providers.

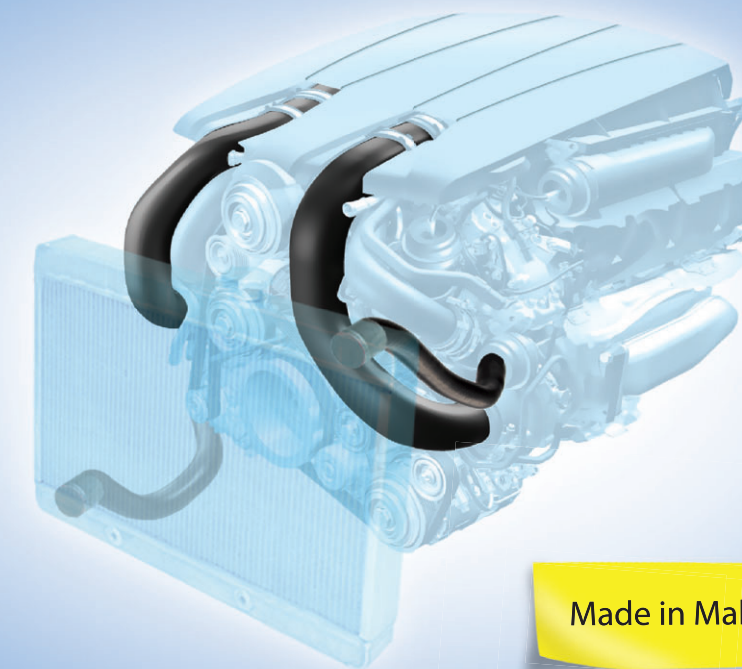
There are also business-to-business mobile apps, that have found success in the aftermarket. For manufacturers or distributors, using mobile apps to provide catalog access to their business-to-business customers makes perfect sense – these customers frequently interact with them, and providing this type of ease of use can help boost business and increase orders. Mobile apps also make it easier to compare catalog images and information to the actual part on an actual vehicle. For repairers and retailers, that type of visual confirmation at the point of activity can easily help close an order quickly.

That’s been the key to the success of something like Vertical Development’s ShowMeTheParts Mobile platform, which converts existing catalogs into mobile apps or websites. ...CONTINUE READING ▢

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# LOGISTICS/CONNECTIVITY

## Warehouse management software market evolves due to e-commerce

BY BRIAN ALBRIGHT  
Correspondent

The automotive aftermarket, like other industries with a heavy retail and distribution component, has increasingly shifted to an e-commerce model.

With that shift have come changes in the way warehouses operate.

Warehouses are doing more piece picking and less pallet-based shipments. Retailers expect to see an average of 40 percent growth in online sales over the next five years, according to ARC Advisory Group.

TRENDS & MARKET Analysis

“Because of the shift to online purchasing, warehouses have altered their processes, their order profile, their picking processes, volumes and even their physical layouts,” says Clint Reiser, director of supply chain research at ARC. ARC recently released its more recent market analysis research on the warehouse management systems (WMS) market.

“Global adoption of WMS is being stimulated

### Technology Newsmaker

#### Q&A

**KELLY FREY**  
VP Product Marketing  
Telogis, a Verizon Company



How can fleet solutions help extend the life of a fleet of vehicles?



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by a number of factors, most notably the global transition from traditional brick-and-mortar retail to increased prevalence of e-commerce and omni-channel commerce,” Reiser says. “This widespread transition is changing fulfillment requirements and the WMS requirements

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Warehouses are doing more piece picking and less pallet-based shipments.



of those fulfillment organizations.”

Most companies expect to see an increase in throughput and a need for more storage capacity over the next five years, along with an increase in order complexity. In a 2016 ARC survey of warehouse operators, respondents also indicated that they expect to see an increase in direct-to-consumer shipping and drop shopping (shipping goods directly from a manufacturer). There will be more piece/each-level shipping, as well as an increase in case picking for many retailers and distributors.

Because this type of fulfillment is more complicated and expensive, warehouse operators are increasingly turning to technology to help improve productivity and reduce costs. “In general e-commerce fulfillment is costlier than pallet in/pallet out,” Reiser says. “In a traditional warehouse, the value of each shipment is greater, the volume is greater, and the variety of each shipment is lower. E-commerce shipments have a lower value and much higher variety. Warehouses also have to ship it out in a more expensive manner because the end customer wants it more quickly.”

A modern WMS can reduce those fulfillment costs. “The WMS vendors have had to adjust some of the functionality in their solution sets,” Reiser says. “For example, there is a greater need for marrying up orders. They have picking waves and throw the goods onto conveyors, and then all of those items need to be married to orders for packing and shipping.”

The use of a WMS reduces errors and improves shipping accuracy, which in turn can lower costs, eliminate the need to address errors, reduce the time spent looking for shipping documents, and improve service levels – which can lead to more business.

“In aftermarket spare parts, there are more companies getting orders online and fulfilling orders directly,” Reiser says. “There are WMS companies, particularly in Europe, that have seen their automotive business pick up because manufacturers are selling parts in other regions.”

The shift to e-commerce has led to changes in how retailers, distributors, and logistics ...CONTINUE READING □

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# The Power of Collaboration



With thousands of locations across North America, the Automotive Parts Services Group is stronger together, sharing resources in areas that benefit all in the supply chain, such as IT and data management, electronic catalog and Co-Man warehouse. These combined efforts help The Group excel at providing all customers with high-quality service and name brand quality parts from leading manufacturers.

While Federated and Pronto members continue to focus on building their local businesses, The Group's national footprint has enabled these members to serve national accounts that were previously out of reach. Global collaboration is being developed and enhanced through Federated and Pronto agreements with 1Parts.

The Group is working on innovative technology solutions to enhance efficiency and accuracy as well as telematics systems that allow for seamless communication from consumers to repair outlets to parts providers. Integrated technology is the key to the future and The Group is leading the way, delivering so much more than parts to its customers.

That's the power of collaboration.



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# VENDORS

## China's independent aftermarket to benefit by new auto parts policies

BY JAMES E. GUYETTE  
News Correspondent

China's government is intent on assisting its growing population of independent service centers by facilitating the flow of aftermarket parts into the industry's supply chain. Enhanced quality standards are also being implemented.

### TRENDS & MARKET Analysis

"The most far-reaching reform currently underway in China's automotive sector is the overhaul of the so-called 4S market – sales, service, spare parts and surveys – and related changes," reports Dr. Benjamin Kroymann, a partner at the Squire Patton Boggs international law firm.

Several agencies are involved in formulating a series of new standards under China's overall "13th Five-Year Plan" plus its underlying "Made in China 2025" program, and they are currently promulgating "Guiding Opinions" and a "Circular" to address acceptance of non-OEM components, a significant shift from the nation's previous policy of allowing only OEM parts to be utilized by maintenance providers and repairers.

"In order to open the aftermarket for more competition, the Guiding Opinions introduce the concept of 'same

quality spare parts,' i.e. spare parts that are of comparable quality to the original parts," says Kroymann, who spoke at October's Automotive Aftermarket Summit in Shanghai.

"At the same time, under the Guiding Opinions and the Circular, automakers are required to publish certain technical information with respect to the repair of their vehicles. This measure aims at enabling after-sales service providers and repair shops to enter a market that has previously been dominated by OEMs and their authorized dealers and repair shops," he explains.

A final set of rules has yet to be issued, but under a set of proposed "Draft Measures" being debated the existing 4S dealership model will essentially be abolished. Dealers will no longer be required to obtain an authorization from OEMs to sell their vehicles, and "tie-in sales" of vehicles, parts and other products are explicitly prohibited.

In a tie-in sale, the seller requires the buyer to purchase a package of differing models instead of selecting a particular nameplate that may prove to be more popular. "Due to their strong bargaining position, some carmakers in China have, in the past, been said to be engaging in tie-in sales to sell off less successful car models to dealers and distributors. By prohibiting tie-in sales, the government is aiming to weaken the dominant market

China is the world's No. 1 automotive purchaser with 24 million vehicles sold there in 2015.

### Vendor Newsmaker

### Q&A

**SCOTT KENNEDY**

Director, Center for Strategic and International Studies



How does the "Made in China 2025" plan impact the global auto industry?



What did Kennedy say? Continue reading online.

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position of OEMs and to create more competition in the market," Kroymann explains.

"The exclusive supply of auto spare parts by automakers is broken up, with auto parts suppliers now being allowed to sell their products to any repair shop or customer in the market," he says. "Also, dealers will be allowed to sell same quality spare parts to their customers provided that they bear the China Compulsory Certification (CCC) certificate."

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# VENDORS

## OTC still delivering technician training with professional tools

BY JAMES E. GUYETTE  
News Correspondent

On-the-spot deliveries of both tools and training were the key goals of Reuben Kaplan when he established OTC in 1926. Throughout the late 1920s and early '30s local mechanics, farmers and peddlers in Owatonna, Minn. were among the first customers to buy and utilize OTC's equipment and expert instruction provided by knowledgeable salesmen going door-to-door in well-stocked panel trucks, accompanied by a hefty catalog as well.

### TRENDS & MARKET Analysis

The trucks represented an endearing sales tactic as demand grew and the drivers started traveling to service stations and garages throughout the country.

Owned by Bosch Automotive Service Solutions since 2012, OTC is commemorating its milestone anniversary by restoring a vintage panel truck that was unveiled at the Specialty Equipment Market Association (SEMA) Show.

The build-out of the 1934 Sedan Delivery Ford was conducted by Bryan Fuller of Fuller Moto, previously known as Fuller Hot Rods, in Atlanta. The vehicle under-

went a complete reconstruction, including a rebuilt chassis and engine, implementation of new electrical systems and extensive body work exclusively accomplished with OTC's tools and products.

"We create rolling works of art that entertain and inspire people," says Fuller, who frequently appears on television showcasing his custom motorcycles, cars and trucks while providing hands-on expertise to the viewers.

Fuller recalls that he realized his passion for cars as an eighth grader while helping his dad rebuild a 1965 Ford Mustang. In high school he built two cars of his own, including a souped-up 1930 Ford Model A with a Chevy 327 V8 engine. At the time he considered building cars just a hobby and went on to college, earning a biology degree with the hopes of becoming a chiropractor. However, the unforeseen death of his father while at the early age of 20 changed all that. Bryan grew determined not to waste his life doing something he didn't absolutely love, and instead he set out to make his passion his career.

After graduating from the University of North Texas, Fuller enrolled at Wyoming Technical Institute where he learned the advanced technical skills that helped shape him into the fabricator he is today. Drawn in by the West

OTC is commemorating its milestone anniversary by restoring a vintage panel truck.

Coast car culture he moved to California and began a two-year apprenticeship with So-Cal Speed Shop. In 2003, he was hired by renowned artist, designer and fabricator Chip Foose.

Fuller subsequently decided to open his own shop and moved to Atlanta, where his wife had family. He is co-author of a series of how-to-build books through his own publishing company, Full-Bore Publishing. Alongside his writing partner, Mark Prosser, Fuller also shares "Tips and Tricks" via videos and seminars presented throughout the country.

OTC continues to market tools and training, and Alison Accavitti, marketing communications manager at parent-firm Bosch Automotive Service Solutions, recently answered a series of questions posed by *Aftermarket Business World*:

**Q:** What does your Field Technical Sales program entail?

**A:** Our nationwide network of automotive experts, who together share more than 350 years of combined ...CONTINUE READING ▢



ALISON ACCAVITTI

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# Improve repair shop profits USING SENSIBLE GOALS

It's that time of year to go through last year's numbers and measuring yourself against the goals you set. Did you reach your goals? Did you set goals? If you didn't reach your goal or if you didn't set a goal, then I must ask why? Did you have a plan to reach your goal?

People have told me their goal was to increase sales by 10 percent, following that with a statement to increase the number of repairs. My response is that 10 percent growth is great but it's a broad statement. Using round numbers and some average shop figures indicates 10 percent growth is \$240,000 annual growth or about \$20,000 a month. To achieve that growth you will need about 7.7 new repairs monthly. Probably achievable, but what if you could get the same growth without trying to push eight new repairs a month through your shop?

That is where the sensibility comes in.

Going back to my racing days and trying to pare weight off my Triumph Spitfire, I relied on an old adage of looking for 16 places to remove an ounce rather than looking for one place to remove a pound. Using that same example but in relation to key performance indicators (KPIs), it just so happens there are 16 growth-focused KPIs you can improve, incrementally, to achieve your growth goal.

First looking at average sales per repair order (RO) of \$2,600. If you increase this KPI by 1 percent you will gain \$27,040 a year with an average of 20 repairs a week. In some markets it is difficult to improve your actual labor rate. But you can improve your Effective Labor Rate (ELR) by reviewing your mix of body, frame and mechanical labor. Raising your ELR by \$1 could improve your revenue \$31,200. Looking at Paint Hours Per RO, if you improved benchmark of 7.8 by one hour you could gain \$72,800 in sales. P&M Sales per Paint Hour is another place \$1 could make a difference, which would give you a \$7.80 per RO increase resulting in an additional \$8,112 in annual sales. This is a quick look at sales improvements within those 16 KPIs. There also may be cost reduction opportunities as well.

“ You can grow your business by just looking at the ounces instead of the pounds. ”

Reducing your Effective Labor Cost by \$1 would net you about \$31,200 in savings annually based on an average of 30 hours per RO. Using the 7.8 paint hour average you could save \$7.80 per RO by reducing your P&M Cost Per Paint Hour by \$1. This reduction will achieve \$8,112 in savings over the year. You can use the numbers from your P&L to see what a 1 percent increase in Total Gross, Labor Gross, Parts Gross, Paint/Material Gross and Sublet Gross Profit would make to your bottom line. My guess is it would be a significant number.

Some KPIs that aren't so tangible in dollars but make sense when trying to reach goals are Booth Cycle Time, Sales Per Stall, Booth Productivity, Sales Per Square Foot and Cycle Time. Booth Cycle Time and Booth Productivity run hand-in-hand. If you improve one, you will improve the other.

Booth Cycle Time is a ...CONTINUE READING ▣



**JOHN SHOEMAKER**  
Business Development Manager  
BASF North America



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# Supply chain financing is legal, BUT HARMFUL TO SMALL BUSINESSES

Supply chain financing (SCF) is a popular deferred payment program that has been in place for almost two decades between the industry's largest retailers and their suppliers. Together in 2015, Advance Auto Parts, AutoZone, Genuine Parts, Pep Boys, and O'Reilly Auto Parts acquired roughly \$11 billion in inventory, which in part is a direct result from many of their suppliers agreeing to contractual terms that smaller warehouse distributors (WDs) and retailers cannot secure.

In fact, too many of the smaller retailers and WDs are unaware that this legal practice exists, even though it is used by some of their suppliers. A candid discussion about the implications of SCF is important because some of those suppliers that are selling to the industry's retail giants are indirectly harming smaller businesses that are blocked from SCF.

Offered by the nation's leading banks, SCF serves as a bridge so that retailers and their suppliers can achieve their mutual goals of optimizing capital and trimming supply chain costs. With SCF, the retailer is able to defer payments owed to the supplier.

When the supplier enrolls in SCF, the buyer negotiates for payment terms, stretching as far out as 364

days, which materializes into interest-free accounts payable financing. Upon approval of the invoice by the retail buyer, the bank purchases it, which immediately transfers the receivable's risk from the supplier's current liabilities. On or before the invoice due date, the retailer must remit payment to the bank. Conversely, the supplier may collect payment from the participating bank at any point during the life of the invoice at a pre-arranged regressive discount rate at partial payment, or be paid in full at maturity. The discount rate on day one is at its peak, but over time the rate gradually drops closer to 0 percent as the due date nears.

Let's make a working example out of SCF.

Say that Seismic Shock Absorbers sells \$1,000 of product to its customer, AI's Auto Parts, at 360 days payment terms. Next, AI, signs off on the invoice, and remits it to the bank at an agreed-upon 3 percent annualized discount charge calculated off the days remaining. Suppose with 120 days left, Seismic Shocks demands payment from the bank. Based off the original invoice amount ( $\$1,000 \times 3 \text{ percent} \times 0.666$ )\*, Seismic gets \$980.02 and the bank pockets \$19.98.

Retailers adore SCF because they can put product on their shelves without having to leverage their balance

Supply chain financing lets retailers and suppliers optimize capital and trim supply chain costs.

sheet. By delaying payment, they may build up a surplus cash flow instead of burning cash reserves under the traditional thirty-or sixty-day terms.

For example, O'Reilly Auto Parts declared 2015 a momentous year. Management reported that net inventory investment continued to decrease as a result of the enhanced supplier program, which enabled a reduction of all supply chain costs and negotiated extended payment terms with their suppliers. SCF contributed to more than \$867 million in free cash flow, which they cite as "the best use of the cash we generate..." to buy competitors like Bond Auto Parts, improve preexisting stores, and enhance distribution.

From the supplier's vantage point, it makes a big difference when a bank buys each invoice from their customer and accepts the short-term payment risk. With the worry of getting paid on time removed, suppliers may aggressively attract customers

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ALAN R. SEGAL  
President,  
Best Business Practices

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# Is your product content MAKING THE GRADE?

“The objective is to reduce the time, effort and opportunity for data degradation in the exchange process.”

The question of whether a supplier supported the automotive data standards used to be answered with “yes” or “no.” But today, the answer includes Silver, Gold or Platinum, or some other designation of the completeness, timeliness and consistency of the content.

Retailers and distributors have come to assume that their brands are able to exchange catalog and product information in the industry standard format. Now, the point of differentiation is in quality and completeness of the content.

I recently surveyed the websites of those companies that sell software or services related to content management in the automotive aftermarket industry. Nearly every one proudly proclaims that their technology conforms to the industry standards and they are ACES and PIES compliant. Of course, these pronounceable acronyms refer to the Aftermarket Catalog Exchange Standard (ACES) and the Product Information Exchange Standard (PIES). The key word in each name is “exchange” because the objective of these standards is to reduce the time, effort and opportunity for data degradation in the exchange process between data partners.

It’s important to point out that as voluntary industry standards, ACES and PIES yield predictable results in the data exchange process. That is different from standardizing the data content or the application of that content.

An example I like to use to illustrate this is a credit card. The dimensions and thickness, the location of the magnetic strip and the specifications of the embedded security chip are all governed by standards defined by the International Standards Organization (ISO). This is the reason your ATM card issued in the United States works in ATM machines around the world. But, the issuing bank, the credit limit, rebates and other loyalty features, even the design on the face of the card can all be different. These are the points of differentiation. The ISO standard is the reason they all work in an interconnected world.

And so it is with automotive product information and application catalog. The standards do not predefine the vehicle coverage that a replacement part’s brand has. One may choose to cover Fords only and another may offer all makes and all models. They do not guarantee the same number of marketing bullets or product attributes across multiple websites or brands.

The standards do, however, ensure that vehicles are referred to in a way that can be understood by many partners that trade data. And, the standards provide a measure of consistency and predictability in the text and other copy used to describe products. In short, the standards help the machines understand and process information that humans instinctively comprehend.

That’s why I recoil when I read that “our catalog conforms to the Auto Care ACES and PIES standards.” No it doesn’t – or at least I hope it doesn’t. The presentation of the content on a page or in an application should account for the way users want to view the information – not blindly repeat the way the content was exchanged. You can spot a website that “conforms to the standard” because they include meaningless or overlapping catalog comments and fitment notes. Their product classifications are entirely too granular to be useful. And, they ask ...CONTINUE READING ▢



SCOTT LOCKETT  
VP, Industry Strategy  
GCommerce Inc.

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# NHTSA publishes cybersecurity BEST PRACTICES

Hot on the heels of its draft guidance on self-driving cars, the National Highway Traffic Safety Administration (NHTSA) followed up with new guidance on cybersecurity and autos.

The two guidances have much in common. One of the elements of the self-driving cars guidance had to do with cybersecurity. Now this new cybersecurity guidance provides some additional thoughts.

The new Cybersecurity Best Practices for Modern Vehicles is advisory, too. And as with self-driving cars, no federal motor vehicle safety standard (FMVSS) is anticipated. NHTSA simply mentions some voluntary industry standards and best practices either already adopted or in the process of being developed, and voices the hope that auto manufacturers and suppliers will heed those.

The Best Practices makes a glancing reference to the aftermarket, stating what probably is the obvious: "The automotive industry should consider that consumers may bring aftermarket devices (e.g., insurance dongles) and personal equipment (e.g., cell phones) onto cars and connect them with vehicle systems through the interfaces that manufacturers provide (Bluetooth, USB, OBD-II port, etc.). The automotive industry should con-

sider the incremental risks that could be presented by these devices and provide reasonable protections."

The guidance lists a number of relevant industry standards and best practices, including those published by the Automotive Information Sharing and Analysis Center (Auto ISAC), the National Institute of Standards and Technology's Cybersecurity Framework, the ISO 27000 series standards, the Center for Internet Security's (CIS) Critical Security Controls for Effective Cyber Defense (CIS CSC), and SAE J3061: Recommended Best Practice, Cybersecurity Guidebook for Cyber-Physical Vehicle Systems.

Tim Weisenberger, ground vehicle project specialist – Technical Programs, SAE International, points out that J3061 is the only voluntary standard that addresses cybersecurity processes in autos exclusively. "That is probably where auto industry needs to look to get the most targeted information," he says.

He notes that J3061 is informative, not normative and helps the manufacturer or supplier bake cybersecurity processes like threat analysis and risk assessment into their product development lifecycle. "Technologies are a snapshot in time," he adds. "As technologies change, cybersecurity threats will change and these processes

NHTSA recalled almost 1.5 million Chrysler vehicles in July 2015 due to cybersecurity flaws.

allow the industry to adapt."

He noted that J3061, published this January 2016, immediately went into revision to add more guidance in areas of hardware security, cybersecurity integrity levels and assurance testing.

Auto companies and suppliers may or may not be using J3061, which in its current form apparently has limitations. That is true, too, of the Auto ISAC's cybersecurity best practices published in July 2016. The Best Practices, according to the executive summary on the Auto ISAC website, is only available to members of that group. So whatever their benefit, they are not available to non-members.

The Motor & Equipment Manufacturers Association (MEMA) ...CONTINUE READING ▣



STEPHEN BARLAS  
Washington Correspondent

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# Gorlick's Distribution Centers BUILD B2B E-COMMERCE SYSTEM

Gorlick's Distribution Centers, a distributor for under car exhaust with seven locations throughout California, Oregon and Washington state, has managed its business-to-business (B2B) ordering system during the last 40 years. During that time, many innovations in technology and system upgrades have been made throughout the business. Contemplating the next evolution of its ordering system, Gorlick's turned to Vertical Development for help.

After many years of running a manual, but refined system, the process of automating certain aspects might seem like a big challenge. However, the two companies were able to leverage the power and scalability behind Vertical Development's ShowMeTheParts database by integrating the database and shopping cart into Gorlick's existing website and ERP system to create an easy-to-manage retail structure for the company and a simplified buying process for its customers.

Vertical Development built a toolset for exchanging information with other systems. It allows companies like Gorlick's to present a unique look and business logic to a B2B or B2C solution without having to worry about accurate and timely catalog information.

The volume and variety of Gorlick's inventory might be a deterrent to undertaking the upgrade. If it's related to exhausts, Gorlick's Distribution Centers carries it. The company's stock includes the usual pipes, mufflers and catalytic converters, as well as supplies for exhaust shops including benders and welding tips.

Dealing with such a large inventory is difficult, but it becomes more complicated due to the wide range of vehicle options and differing emissions standards across the country. There's a national standard, a standard set by CARB in California, and states that adhere to CARB recommendations to a varying degree. Those cars often change owners and states, so it's hard for shops to keep track of what they'll need for jobs. Add in the slight variations within models for different engines and exhaust options, and the range of possibilities can be staggering.

Vertical Development's ShowMeTheParts database has a large number of parts and interchanges, including Gorlick's brand of exhaust products and the other product lines it carries. By integrating the database directly into its B2B website and adding the new shopping cart feature, Gorlick's customers can find what they need for specific jobs with little vehicle informa-

Gorlick's Distribution Centers have seven locations in Oregon, California and Washington.

tion. Customers can also see if the parts are available and place an order without leaving the catalog page. Since ShowMeTheParts' web and mobile interface was designed and tested to ensure ease of use, customers don't have to work hard to find what they need to order. The improved user interface reduces ordering time for clients and almost eliminates time that Gorlick's customer service team has spent answering parts questions. Gorlick's said it takes pride in offering a high level of customer service, and this gives its customers another reason to go to them first for parts.

"ShowMeTheParts has extremely accurate and updated parts information that we felt was vital to our ongoing success," says Luke VanValkenburg, chief of operations for Gorlick's Distribution Centers. "We decided we needed to upgrade our B2B website to serve our customers and staff better."

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**JAY WRIGHT**  
President  
Vertical Development



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## PROGRAM DISTRIBUTION GROUPS REPORT 2016 ACHIEVEMENTS

By **Bruce Adams** | Managing Editor

Several program distribution groups said that in 2016 the market continued to present challenges due to changes brought about by ongoing industry consolidation.

Market growth has been stymied by various economic conditions and has delayed some of the organic growth that was expected in 2016. Some say that there is cautious optimism for the future as the industry adjusts to a new administration in Washington D.C. and the prospect of a more business-friendly environment.

As the competitive landscape continues to change, program groups are looking for new and different ways to enhance brand value. The groups say they are working to profitably grow their businesses, and trying to balance service, quality, inventory and costs.

Here are responses that program groups provided to the question, "What were a few of your company's key achievement in 2016?"

The AAM Group said its biggest accomplishment was the beginning of a project to be delivered in 2017. The AAM membership voted to build PACE, a business to business (B2B) web portal designed to provide cataloging, browsing and customer support capabilities for member warehouse distributors (WD). The PACE project will make B2B websites available to AAM members' warehouses electing to participate and having compatible system communications capabilities.

These websites will serve as mobile-enabled, front-end web-based interfaces where WD customers can log in and access product cataloging, determine product availability, check their product cost, and enter orders into the WD's business management system (BMS). PACE will not replace the warehouse's BMS, but it will supplement it as the primary remote entry point for the warehouse's wholesale customers. PACE is designed to provide ...CONTINUE READING □

### AAM Group/AAM USA, Inc.

**CEO/President:** Tim Odom  
**Year established:** 1988  
**WD members:** 21  
**Member-owned warehouses:** 40  
**Total jobber stores:** 15,241  
**States covered:** All 50 and Canada  
**Group structure:** Shareholders elect a six-person board of directors to serve two-year terms.  
**Retail:** 25%  
**Wholesale:** 75%  
**Private label:** 2%

**Major brands:** 98%  
**Programs:** AAM operates three marketing programs: Parts Pro Performance Center targets U.S. and Canadian retailers serving performance and race markets. Performance Corner serves retailers and installers of truck accessory and performance parts on the West Coast. Total Truck Centers is for the truck and SUV accessories market. It is directed at retailers and installers of accessories.

AAM's focus in 2017 will be to leverage data and technology to provide members and program participants with tools and resources they need to compete effectively and affordably in the marketplace.



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 WWW.THEAAMGROUP.COM

### Aftermarket Auto Parts Alliance

**CEO/President:** John R. Washbish  
**Year established:** 1999  
**WD members:** 50+  
**Member-owned warehouses:** 150+  
**Total jobber stores:** 2,000+  
**Total service centers:** 3,336  
**States covered:** All 50, Canada, Mexico, China and Honduras.  
**Major members:** Auto-Wares, Hahn, Parts Warehouse, Hanson Distributing, Vast Auto, Eastern Warehouse Distributors.

**Group structure:** Ten shareholder board of directors and six standing committees: Product, IT, Marketing, Finance, National Accounts, Service Center Advisory Council.  
**Retail:** 14%  
**Wholesale:** 86%  
**Private label:** 12%  
**Major brands:** 88%  
**Programs:** Alliance Technology Suite: Data Warehouse, eCommerce solution, optimization tools, inventory mgt., category mgt., brand development, Alliance Parts Warehouse.

The Alliance remains committed to building and enhancing IT capabilities and infrastructure to support sales across the supply chain, from vendor channel partners to warehouse, store and professional repair shops.



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 WWW.ALLIANCE1.COM

### AIM Automotive Group

**General Manager:** Bill McConnell  
**Year established:** 1990  
**WD members:** 435  
**Member-owned warehouses:** 455  
**Member-owned jobber stores:** 852  
**Non-member owned jobber stores:** 1,292  
**Total jobber stores:** 2,144  
**Total service centers:** 242  
**States covered:** All 50  
**Major members:** Auto Plus  
**Group consists of:** AIM, AIM Alliance, Auto Extra, Cygnus, DWC and SDI.

**Group structure:** The AIM Automotive Group consists of six integrated groups (AIM, AIM Alliance, Auto Extra, DWC, Cygnus and SDI) representing 455 independent automotive parts distributors throughout the U.S. and Canada. The combined group also represents more than 200 suppliers.  
**Retail:** 20%  
**Wholesale:** 80%  
**Private label:** 15%  
**Major brands:** 85%

Our focus in 2017 is to strengthen our relationship with our customers and vendor partners and developing the synergies afforded by our association with Auto Plus and all of its distribution locations and vendors.



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## Automotive Distribution Network

**CEO/President:** David Prater  
**Year established:** 1977  
**WD members:** 195  
**Member-owned warehouses:** 425  
**Total jobber stores:** 1,100  
**Total service centers:** 1,500  
**States covered:** All 50 plus Canada, Mexico and Puerto Rico  
**Major members:** Big City, Fast Undercar, The Parts House, Car Parts Warehouse, WM Automotive, ASA, Modern Sales.

**Group consists of:** Parts Plus, Auto Pride, IAPA, Parts Plus Mexico.  
**Group structure:** Shareholder members elect a nine-person Executive Committee.  
**Retail:** 10%  
**Wholesale:** 90%  
**Private label:** 10%  
**Major brands:** 90%  
**Programs:** Network Intel, including EOP and eCommerce, WebShop, Network Products Warehouse, complete pricing support, Shop CCC & ASE programs, Shop Business Training.

The Network's main focus for 2017 is integrating online parts sales for members, continued excellence in maximizing data and creating more value for end users. A challenge is having time to capitalize on the opportunities in the aftermarket.



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## Automotive Parts Associates

**CEO/President:** Gary Martin  
**Year established:** 1972  
**WD members:** 85  
**Member-owned warehouses:** 150  
**Total jobber stores:** Not provided  
**Total service centers:** Not provided.  
**States covered:** All 50, Canada and Mexico.  
**Group structure:** Shareholders elect a nine-member board of directors with staggered three-year terms. Various committees

are assigned at the discretion of the chairman of the board.  
**Retail:** 15%  
**Wholesale:** 85%  
**Private label:** 15%  
**Major brands:** 85%  
**Programs:** Professionals' Choice Auto Service Center Program, Information Technology Suite, Data Warehouse Solutions, EDI/VIC, Product Information Management (PIM), eCommerce, marketing promotions and incentive trip.

Continue to capitalize on growth opportunities within North America and leverage opportunities of being part of NEXUS Automotive International. The market continues to present challenges through rapid changes that contraction represents



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## CARQUEST Auto Parts

**CEO/President:** Tom Greco  
**Year established:** 1974  
**WD members:** One.  
**Member-owned warehouses:** 38.  
**Member-owned jobber stores:** 560  
**Total jobber stores:** 1,840.  
**Total Service Centers in the program group:** 9,000+  
**States covered:** 50, and Canada, Caribbean, Mexico, Pacific Rim  
**Major members:** Advance Auto Parts Inc.

**Group structure:** Not provided.  
**Retail:** Not provided  
**Wholesale:** Not provided.  
**Private label:** CARQUEST, CARQUEST WEAREVER, TOUGHONE DRIVEWORKS.  
**Major brands:** Moog, Monroe, Fel-Pro, NGK, Dorman, Cardone, Wagner, Bosch, Denso, Walker, Trico, Akebono, BWD, Intermotor.  
**Programs:** TECHNET, CARQUEST Technical Institute, MOTOSHOP Technology Tools, ProRewards.

Continue to grow business with independent customers, improve product availability and provide best-in-class services to help customers grow their business such as TECHNET, training through CTI and MOTOSHOP Technology Tools.



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## Engine Pro/Engine Parts Group Inc.

**CEO/President:** Don Weber  
**Year established:** 1989  
**WD members:** 9  
**Member-owned warehouses:** 36  
**Member-owned jobber stores:** 0  
**Non-member owned jobber stores:** 9,000  
**Total jobber stores:** 9,000  
**Total service centers in the program group:** zero  
**States covered:** All 50 plus Australia.  
**Major members:** Not provided

**Group structure:** Equally owned by nine independent distributor members.  
**Retail:** 0%  
**Wholesale:** 100%  
**Private label:** 15%  
**Major brands:** 85%  
**Programs:** Engine Pro parts program exclusive to members. National parts finder; motorsports affiliation; and other sales, marketing and promotional programs.

In 2017, Engine Pro aims to focus on continuing to maximize profit margins and selling opportunities for its shareholder.



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## Federated Auto Parts

**CEO:** Rusty Bishop  
**President:** Larry Pavey  
**Year established:** 1985  
**WD members:** 63  
**Member-owned warehouses:** 172  
**Total jobber stores:** 4,200  
**States covered:** 50 plus Puerto Rico, Canada, Mexico, Latin America.  
**Group structure:** Board of directors are elected to serve one-year terms.  
**Retail:** 20%  
**Wholesale:** 80%  
**Private label:** 15%  
**Major brands:** 85%

**Programs:** Computerized parts ordering, proprietary catalog system, Telematics initiative, obsolete parts program, inventory management, Enhance Supply Chain initiative, Internet support, Federated Car Care Installer Program, credit card program, roadside assistance program, national warranty program, road hazard warranty program, shop layout/design, merchandising aids, signage, POP displays, Technician's Diagnostic Hotline, natl. advertising.

Federated's 2017 focus continues to be supporting member growth in sales and profitability. Federated also will work to reduce administrative costs and improve supply chain efficiency through collaboration with supplier partners.



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 WWW.FEDERATEDAUTOPARTS.COM

## National Automotive Parts Association

**CEO/President:** Dan Askey  
**Year established:** 1925  
**WD members:** 1  
**Member-owned warehouses:** 57  
**Total jobber stores:** 6,000  
**Total service centers:** 16,000  
**States covered:** All 50  
**Major members:** Genuine Parts Company  
**Group structure:** Board of directors  
**Retail:** 25%  
**Wholesale:** 75%  
**Private label:** 90%

**Major brands:** 10%  
**Programs:** In-store design and merchandising; counter personnel training/certification; technology services; dealer merchandising programs; advertising; inventory management; obsolescence protection; preferential billing terms; specialty items; employee uniforms; market research; seminars; extended product warranties; group insurance plans, financial assistance/loans; among others.

NAPA's main focus is to drive business growth on the retail and commercial segments of the aftermarket. NAPA offers a complete suite of estimating, shop management and technical software tools to help installer customers profitably grow their businesses.



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 WWW.NAPAONLINE.COM

## National Pronto Association

**CEO/President:** Bill Maggs  
**Year established:** 1978  
**WD members:** 90  
**Member-owned warehouses:** 150  
**Member-owned jobber stores:** 750  
**Non-member-owned jobber stores:** 4,000  
**Total jobber stores:** 4,750  
**Member-owned service centers:** 0  
**Non-member-owned service centers:** 78,000  
**Total service centers:** 78,000.

**States covered:** 45 plus Canada, Mexico and Puerto Rico.  
**Major members:** Visit www.pronto-net.com for membership roster.  
**Group structure:** North American members elect an executive board of directors.  
**Retail:** 15%  
**Wholesale:** 85%  
**Private label:** 10%  
**Major brands:** 90%  
**Programs:** Pronto Smart Choice Service Center Marketing Program.

Pronto's challenges include growing market share in an ever evolving marketplace; and balancing the customer's needs for unparalleled service and quality while maintaining the proper inventory balance, cost structure and financial ratios.



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 GRAPEVINE, TX 76051  
 (817) 430-9449  
 FAX: (817) 430-9559  
 WWW.PRONTO-NET.COM

## TruStar Inc.

**CEO/President:** Steve Upton  
**Year established:** 1987  
**WD members:** 70  
**Member-owned warehouses:** 120  
**Total jobber stores:** 30  
**Total service centers:** 50,000  
**States covered:** 48 plus Canada, Mexico.  
**Major members:** AB&S Warehouse, Brown Distributing, Franks Supply, Full Line Exhaust, Jobbers Exhaust, Muffler Dealers Warehouse, Muffler Shop Plus,

**Quality Exhaust, Toys for Trucks**  
**Group structure:** Member, steering committee and marketing committee.  
**Retail:** 20%  
**Wholesale:** 80%  
**Private label:** 40%  
**Major brands:** 60%  
**Programs:** TruStar Distribution Center, Installer Choice Marketing; TruStar Manufacturer Promotion Calendar, TruStar Earn Back Trip Promotion; member and installer technology services.

TruStar's focus for 2017 will be to expand the products available through the TruStar distribution center and earn additional support from the membership for the approved manufacturers.



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Program Distribution Group Report

AAM Group

Aftermarket Auto Parts Alliance

AIM Automotive Group

Automotive Distribution Network

Automotive Parts Associates

CARQUEST Auto Parts

Engine Pro/Engine Parts Group

Federated Auto Parts

NAPA

National Pronto Association

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## Automotive Parts Associates improves Professionals Choice Auto Service Center Banner Program

Automotive Parts Associates (APA) is a highly respected and well-rounded program distribution group that is a member-owned cooperative with 85 independent WDs throughout North America.

APA is a proud member of NEXUS North America, a shareholder in the leading International Trade Group, NEXUS Automotive International, with trade affiliations and memberships in AWDA, AAIA and AIA, along with other industry organizations.



Our members' distribution centers offer national brand product lines and the house brand, Professionals' Choice. APA's approach to member service is a mix of buying power, marketing support, customer loyalty programs and education. We negotiate favorable pricing with manufacturers and attain better deals and rebates than members could achieve on their own. We monitor the industry and our shareholders to ensure we're adding the right lines at the right price with the right terms.

The latest addition to our expanding box of tools

is the new and improved Professionals Choice Auto Service Center Banner Program. This program features multiple packages that APA's shareholders can offer to their customers to help them grow their businesses. Features include Nationwide Warranty, Roadside Assistance and Road Hazard Warranty. It also includes an in shop labor program ASE Certification Reimbursement and a marketing kit for each shop.

APA also provides several IT tools including Data Warehouse Solutions, Pricing Portal, EDI/MIC and e-commerce. Additionally we offer customer loyalty programs, two major sweepstakes and an incentive trip every other year designed to complement and reward service dealer loyalty. APA also brings its members education. Our annual meeting each March offers sessions on the hottest industry topics, as well as networking opportunities to talk strategy with your peers. We also have two annual regional meetings to discuss hot issues pertinent to specific market areas.

APA has active committees made up of its members that include a Board of Directors, a Product Committee, a Technology Committee and a Service Dealer/Banner Program Committee. By supporting these member committees, we are continually assuring we're headed in the right direction for the membership.

APA believes its buying group is strong because we put our members first, treat every member equally and we maintain a strong foundation for our members so they can build their businesses, while also building strong loyalty with their customers.



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