



# DRIVING THE FUTURE WITH DATA

## THE RISE OF TELEMATICS IN THE CONNECTED VEHICLE ECOSYSTEM

GREENWICH CAPITAL GROUP

### Telematics Has Entered the Fast Lane

The automotive telematics industry has evolved from basic GPS tracking into a dynamic, data-rich ecosystem that sits at the center of the connected vehicle revolution. From passenger vehicles to commercial fleets, telematics is driving smarter decisions, safer roads, and more efficient operations. What once supported logistics has now become integral to OEM innovation, insurer modelling, fleet performance, and electrification strategy. As the market accelerates, driven by advances in artificial intelligence (AI), 5G, and regulatory tailwinds, telematics is reshaping the business models of automotive players across the globe.

### Explosive Market Growth Signals Strategic Opportunity

The telematics market is growing at a striking pace. According to technavio, the global automotive aftermarket telematics market is expected to grow from \$17.7 billion in 2023 to \$43.4 billion by 2028, representing a compound annual growth rate (CAGR) of over 19.6%. This expansion is driven by several converging forces: increased vehicle connectivity, growing demand for fleet optimization, a surge in electric vehicle adoption,

and a steady push from governments for safety and emissions compliance. Importantly, the growth is not confined to one region or market segment. While North America and Europe remain dominant, emerging markets in Asia-Pacific and Latin America are catching up, aided by increasing digitization and infrastructure development. Investment is also being funneled into both embedded OEM solutions and aftermarket platforms, with startups and legacy providers alike entering the field. This points to a market that is both broad in scope and dynamic in competition—creating ample opportunity for innovation but also a need for differentiation.

### **Telematics Moves From Tracking to Intelligence**

Early telematics systems primarily offered GPS-based location tracking. While that functionality remains essential, the modern telematics stack encompasses far more: engine diagnostics, driver behavior monitoring, predictive maintenance, fuel and emissions tracking, and even real-time coaching through mobile apps or in-cabin alerts. As Gartner highlights, AI and machine learning (ML) are increasingly embedded into these systems, enabling real-time decision-making and automated workflows. For example, predictive maintenance models can use historical data and sensor feedback to identify when a vehicle component is likely to fail—reducing downtime and maintenance costs. Similarly, video telematics is gaining traction as fleet operators seek tools to manage risk, improve driver performance, and ensure compliance with safety protocols. The evolution from passive monitoring to proactive insights is redefining the value proposition of telematics. It is no longer just about knowing where vehicles are—it's about knowing how to run them better.

### **Fleet Electrification Accelerates Data-Centric Innovation**

As the automotive sector pivots toward sustainability, telematics is playing a key role in supporting electric vehicle (EV) adoption, especially within fleet operations. Unlike traditional internal combustion engine (ICE) vehicles, EVs generate different types of operational data: battery state-of-health, charging patterns, regenerative braking efficiency, and range forecasting. Telematics systems must now adapt to provide these EV-specific insights. Gartner notes that vendors who support EV telematics—including tools for locating charging infrastructure and managing energy costs—are gaining an edge in an increasingly competitive space. For fleet operators, these features are crucial for optimizing route planning and minimizing downtime in EV deployments. OEMs are also leaning into this trend. Companies like Ford, through its Ford Pro platform, are offering end-to-end digital solutions tailored to commercial EVs. Meanwhile, aftermarket providers are enhancing flexibility by developing modular tools that work across multiple makes and models. As electrification scales, the ability to capture and act on EV

performance data will become an essential aspect of fleet and vehicle lifecycle management.

### **Integration and Analytics Drive the Competitive Edge**

A critical challenge for telematics providers is transforming vast quantities of raw data into actionable intelligence. As fleets and enterprises adopt more digital tools—ERPs, CRMs, transportation management systems (TMS), and geographic information system (GIS) platforms—telematics must integrate seamlessly with these systems to provide a unified operational picture. Gartner and technavio both emphasize the rising importance of application planning interfaces (APIs), cloud-based middleware, and customizable dashboards. Buyers increasingly prioritize open ecosystems over closed, proprietary ones. This interoperability allows data from vehicle sensors to be combined with business operations data, supporting more informed decisions around routing, inventory, fuel, and maintenance. Furthermore, analytics is becoming a differentiator. Advanced providers are offering predictive and prescriptive insights—helping users not just understand what happened, but also what is likely to happen and what action to take. The ability to leverage these insights effectively can yield substantial returns in operational efficiency and customer satisfaction.

### **Regulation, Safety, and Privacy Will Define the Next Chapter**

As telematics becomes more embedded in everyday mobility, the regulatory landscape is also evolving. Governments are enacting more stringent standards around vehicle emissions, driver behavior, and digital data. For example, hours-of-service (HOS) compliance in commercial fleets is now commonly tracked via telematics. In parallel, emissions reporting and safety audits are increasingly reliant on digital documentation. Yet as the benefits grow, so do concerns. Data privacy and cybersecurity are top priorities. Regulations like the EU's General Data Protection Regulation (GDPR) and various U.S. state-level laws demand greater transparency and user consent. Fleets and OEMs must ensure that sensitive data—such as location history, driver identification, and vehicle diagnostics—is stored, transmitted, and used responsibly. Gartner recommends that buyers closely assess vendors' capabilities around data governance, consent management, and encryption protocols. As telematics extends into consumer vehicles, rideshare platforms, and mobility-as-a-service (MaaS) models, trust and compliance will become essential for sustained adoption.

### **Conclusion: Telematics as a Strategic Enabler**

The global rise of telematics reflects a broader shift in automotive strategy: from hardware-focused engineering to data-driven mobility. In a world where vehicles are

software-defined and customer expectations are shaped by real-time experiences, telematics serves as both a foundation and a frontier. As OEMs, suppliers, fleets, and investors consider their next moves, one thing is clear—those who harness the full potential of vehicle data will be better positioned to navigate a rapidly changing industry. Whether the goal is operational efficiency, driver safety, sustainability, or new business models, telematics will be at the center of that transformation.

Sources: Gartner, Inc. and technavio

**For more information, please reach out to GCG's Automotive Team**



**Greg Urban**

Managing Director

(917) 751-3847

[gurban@greenwichgp.com](mailto:gurban@greenwichgp.com)



**Alex Mellerowicz**

Associate

(248) 953-4540

[amellerowicz@greenwichgp.com](mailto:amellerowicz@greenwichgp.com)

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