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# What's Next For Telematics? Paving The Way For Data-Driven Mobility



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Consumer expectations are evolving rapidly in today's data-driven world. In fact, today, consumers are now measuring nearly every aspect of their lives, from tracking fitness activities to monitoring sleep patterns.

Mobility is no exception. In this era of heightened data awareness, people are increasingly expecting auto insurers and the entire mobility ecosystem to elevate their approach to data and provide a more modernized experience. Consumers are, therefore, showing a [willingness to share their data](#) for the right rewards.

With this in mind, I'll explore the future of telematics and how it can live up to its potential to modernize the mobility experience by empowering people with valuable insights and fostering safer, cost-effective driving practices.

## The Evolution Of Telematics

Telematics is a technology that combines telecommunications and informatics to collect, transmit and analyze data about vehicles and their drivers to help understand driver behaviors. Since telematics solutions first appeared on the market [in the 1970s](#), it has faced limitations in terms of scalability, adoption and applicability of feedback. Many of these challenges were due to the reliance on hardware devices. These often required installation and maintenance costs and presented challenges in gaining widespread consumer acceptance.

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The turning point in telematics came with the advancement of smartphones, which have become ubiquitous, providing an ideal platform to gather data and deliver insights. Leveraging the power of smartphone sensors, telematics can now access [credible](#),

[contextual behavioral insights](#) to the masses, regardless of the type of smartphone.

## Telematics In A Modern Context

Solutions that rely solely on smartphone sensors come with their own set of challenges for insurers. For example, let's take two significant factors that have contributed to limited adoption:

1. There's been a sole [focus on delivering discounts](#) through smartphone telematics—however, these discounts can take many months for policyholders to actually receive and savings have often been too low for people to see value in them.
2. Insurers have faced a double acquisition problem in first acquiring customers and then converting them into digital customers. This requires investment in time and resources and ultimately strays away from insurers' core competencies.

In recent years, however, the industry has made significant strides in developing sophisticated, smartphone-centric models that use [ML and AI algorithms](#) to process the data. People are also becoming [more comfortable with sharing their data](#) when they see tangible benefits in return, such as personalized insurance policies, safer driving incentives and cost savings.

The future of telematics lies in maximizing the potential of software-driven solutions, going beyond simply delivering discounts to provide a safer, smarter and more data-driven mobility experience for all. This requires the industry to adapt to the modern tech landscape.

## How Businesses Can Prepare For A Telematics Transformation

Let's look at a few ways businesses can future-proof their businesses for what's next in telematics:

## **1. Integrating Telematics Into The Apps People Are Already Using**

One innovative approach gaining traction is the integration of telematics into widely used apps. A popular personal finance app, for example, might offer a solution where users can opt into an experience within 30 seconds of seeing a digital offer. Once they opt in, their driving behavior is analyzed. If the driver qualifies for a discount based on the insurer's set driving behavior criteria, they get an exclusive offer.

By leveraging the ubiquity of smartphones, insurers can reach a broader audience by finding and rewarding drivers with driving insights and fairer-priced policies—all via the apps we're already using. At the same time, in extending discounts, app companies can offer additional incentives for completing test drives (i.e., free subscriptions or sweepstakes entries), which can enrich the overall app experience and lead to better engagement and retention.

## **2. Offering Personalized Feedback That Promotes Safer Driving**

With smartphone-centric solutions and machine learning and AI algorithms, insurers and their partners should look to offer personalized feedback that promotes safer driving practices and encourages positive behavior changes that benefit us all.

## **3. Making A Big Impact With Savings**

Auto insurance solutions that leverage AI and machine learning have the potential to extend personalized savings to millions of drivers. Saving up to 40% on auto insurance, for example, plus getting access to other discounts can be life-changing for many.

## **4. Giving People Full Control Over Their Mobility Data**

Overarchingly and perhaps most importantly, as we venture into the future of telematics, a pivotal shift is on the horizon—one where people can gain unprecedented control over their mobility data.

This evolving landscape could see the data-driven mentality ingrained in the apps people use, putting them at the helm of their driving data and shaping a new era of adoption and value. Imagine a scenario where drivers not only have access to insights about their mobility habits but also have authority over how this data is used.

For companies that get on board, this also means strengthening their brand by developing features that prioritize user data control and safety behind the wheel.

## Looking Further Ahead: Creating Greater Value From Mobility Data

Today, we have the power to unlock a world of opportunities by incorporating telematics into everyday apps, where we can benefit from personalized driver coaching, insights and savings. We can unlock even more opportunities by putting mobility data further into the hands of its owners.

As telematics continues to evolve, auto insurers, app companies and other organizations will work to improve more than the individual driver experience. They'll play a pivotal role in shaping a safer, smarter and more connected transportation ecosystem.

Together, we can leverage mobility data (in tandem with new innovations like [generative AI](#)) to not only create higher adoption and better value across industries but to also improve the overall mobility experience. Some possibilities include identifying eco-friendly driving habits, improving infrastructure development, optimizing traffic flow and cohesively reporting on driving habits and road safety.

With the right data-driven mindset and technology at our fingertips, we're paving the way for a future where mobility is safer, more efficient and more rewarding for all.

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