

Navigating the Future of the Automotive Landscape: ACES Automotive Engineering State of the Market

February 2024: Complimentary Abstract / Table of Contents



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Overview and abbreviated summary of key messages

This report examines the trends governing the ACES automobile engineering services market by mapping the emerging business priorities with the key engineering focus areas and discussing the outsourcing landscape.

Some of the findings in this report, among others, are:

Market spending overview

- Overall enterprise spending for the market has seen a notable uptick due to the increased investments in battery technologies, autonomous vehicle development, electrification goals, and connected solution integration
- The automotive industry is driven by software-centric developments, revolutionizing vehicle manufacturing, ownership, and operation. Software is a key investment area as automakers shift their focus toward software-defined vehicles
- Various regulatory frameworks are driving enterprise investments into improving vehicle safety, cybersecurity, emission reduction, and fuel economy
- Reduced electric vehicle demand and material shortage, along with several macro-economic factors, are impacting automaker revenue and growth

ACES market trends

- Autonomous vehicle investments are focused on developing L3+ automation, sensor technology, blockchain technology, and safety technologies
- Increased demand for telematics, V2X, and value-added features such as OTA updates, remote diagnostics, and remote vehicle access has driven the investments in the connected vehicle segment
- Electrification continues to be the primary focus of investment, driven by global sustainability mandates, reduced reliance on traditional fuels, and increased spending on battery technologies
- Shared mobility is gaining market attraction due to innovations, but remains the lowest spend area in ACES

Outsourcing landscape

- Outsourced spending in the ACES area has seen credible growth leading up to 2023 and is valued at approximately US\$7 billion
- Automotive enterprises from Europe and North America are the major contributors to this spend
- Among ACES segments, vehicle connectivity followed by electrification sees the highest spending
- Service providers enhance ACES capabilities through competitive investments in infrastructure, frameworks, partnerships, certification programs, and talent initiatives, aiming to offer differentiated solutions to clients and maintain competitiveness

Introduction

The automotive industry is at an inflection point, where global sustainability concerns, increasing consumer demands for efficient and safer vehicles, and rapid technological advancements have coalesced to propel rapid growth. In this dynamic landscape, the focus shifts from conventional mobility solutions to a more captivating and immersive automotive experience. Automotive enterprises are now eagerly hopping on to this transformative paradigm, embracing the idea of enhancing Customer Experience (CX) and redefining the future of mobility.

Some of the focus areas of modern automotive engineering include:

- **Autonomy advancements:** investments in L3 to L5 autonomous technologies, intelligent adaptive cruise controls, safety systems, and sensor fusion technologies to transform driving experiences
- **Connected ecosystems:** connectivity and data management are forging powerful collaborations between automotive players and players from diverse verticals such as FinTech, insurance, technology, and telecommunication to bring in several after-sales services, additional revenue opportunities, improved vehicle monitoring and diagnostics, and advanced In-vehicle Infotainment (IVI) systems
- **Software-centricity:** with the emergence of software-defined vehicles, there is an increased level of investments in software development and partnerships with technology players
- **Electrification imperative:** the need to address environmental concerns and stringent governmental regulations has accelerated the investments in electric, hybrid, and fuel cell technologies

Scope of this report



Enterprise spending and emerging trends

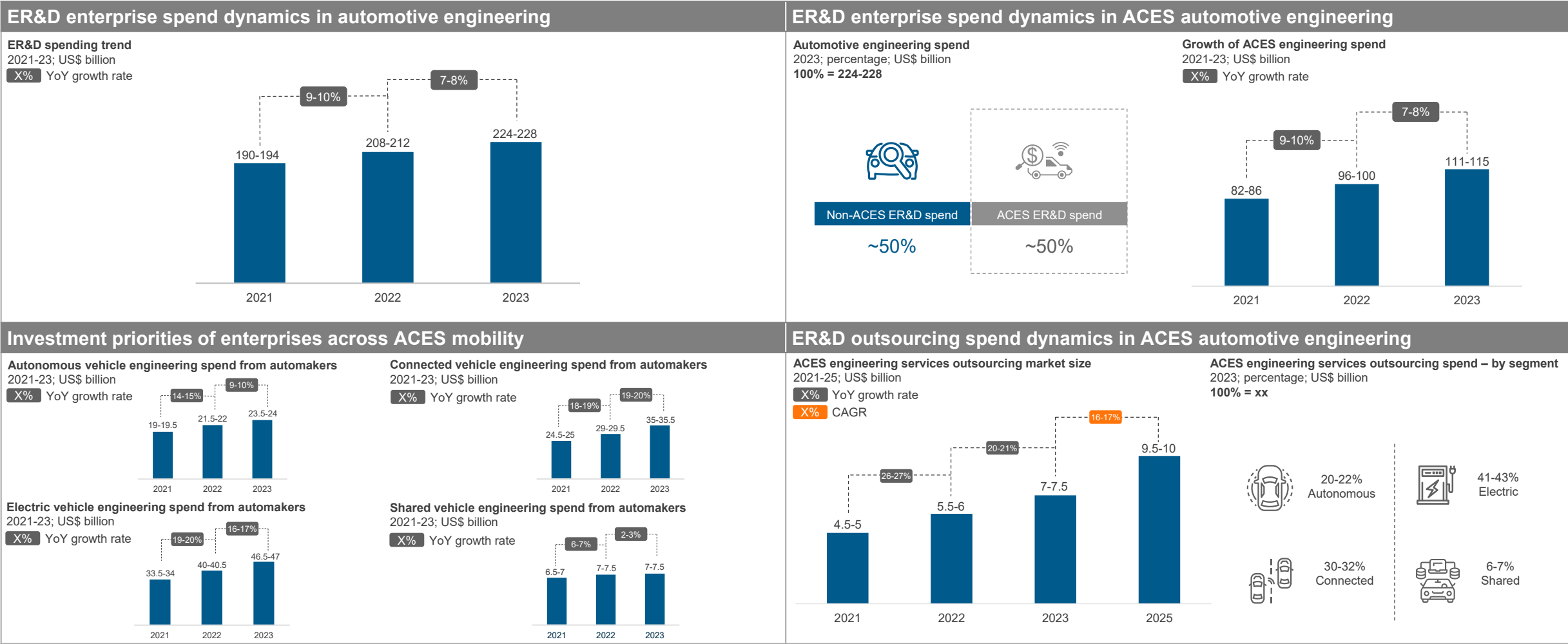


ACES market trends



Outsourcing landscape

This study offers 3 distinct chapters providing a deep dive into key aspects of ACES automotive engineering services market; below are four charts to illustrate the depth of the report



Research calendar

Engineering Research and Development

Published

Planned

Current release

Reports title	Release date
Navigating the Adoption of Generative AI	September 2023
Talent Demand Trends India IT Services – H1 2023	September 2023
ACES Automotive Engineering Services PEAK Matrix® Assessment 2023: Navigating the Future of Automotive Landscape	September 2023
Engineering Services Top 50 – 2023	September 2023
Aerospace and Defense State of the Market 2023	October 2023
ACES Mobility Engineering Services – Provider Compendium 2023	October 2023
Impact Sourcing Specialist Directory	October 2023
Leading the Pack: Trends for the Top 200 Engineering Research & Development (ER&D) Enterprises 2023	December 2023
Impact Sourcing for Sustainable Development and a Brighter Future: Impact Sourcing State of the Market 2023	December 2023
Navigating the Future of the Automotive Landscape: ACES Automotive Engineering State of the Market	February 2024
5G Engineering Services State of the Market 2023	Q1 2024
Key Issues Report 2024: Engineering Research & Development	Q1 2024
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